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How currency options boost companies' flexibility, Page 12

World news | Business summary

Uganda convoy heads for Kenya

An evacuation of expatriates from Uganda began as 100 vehicles carrying an estimated 300 people headed for the Kenyan border following last Saturday's military coup.

The departure was organised by Peter Penfold, the acting British High Commissioner, who has been negotiating with Ugandan army officers since the takeover.

Meanwhile, the new regime named Paulo Muwanga, the former vice President in Milton Obote's toppled Government as the country's new prime minister. Page 3

Indian MP killed

Two youths shot and killed Lalit Maken, an Indian trade union leader, in Delhi. Premier Rajiv Gandhi described the 34-year old MP as one of the country's most promising and dynamic politicians. Page 3

Christians in talks

Christian leaders of rival groups in Lebanon met for talks in moves apparently aimed at isolating President Amin Gemayel. Page 3

Suicide attack

A boy aged 13 was thought to have been the driver of a suicide car-bomb which killed a civilian and wounded two Israeli soldiers in southern Lebanon.

U.S. foreign aid

The U.S. House of Representatives approved a $12.7bn compromise foreign aid bill for 1986 that opens the door to new or revised U.S. military involvement in Nicaragua, Kampuchea and Angola. Page 4

Grape juice alert

Austrian health inspectors found a toxic chemical used in anti-freeze in locally produced grape juice. A warning was issued not to drink the brand of juice produced in the province of Lower Austria.

Thatcher reshuffle

The reshuffle in the British cabinet may be more extensive than originally thought likely, with two or three senior ministers facing demotion. Page 6

BBC strike

BBC television journalists in Britain voted to strike in protest against the corporation's decision not to show the documentary featuring the suspected IRA leader, Martin McGuinness. Page 8

New TV for France

The French Government will finance a new cultural television channel and has given further details about the creation of two commercial nationwide channels. Page 2

Korean arrest

South Korea's leading dissident politician, Kim Dae-Jung, was again put under house arrest. Page 3

Bulgarian executed

Bulgaria executed a man for sabotage at an international ski resort in the first such case since tough anti-terrorist laws were passed last May, according to the government newspaper.

Dentists fill pockets

Hungarian authorities are trying to track down dentists who are privately treating Austrians in return for payment in hard currency. The dentists violate foreign exchange rules and evade taxation. Page 2

Storm over weather

Sweden's national weather service is under investigation for failing to predict a storm which swept through the Baltic last week.

Eastman Kodak profits fall 28%

EASTMAN KODAK, the world's largest photographic products group, reported a 28.3 per cent drop in net second-quarter profits to $164.3m or 72 cents a share. Sales slipped 4 per cent to $2.48bn. Half-year net fell 27.8 per cent to $279.5m or $1.22 a share on sales 2.4 per cent down at $4.56bn.

COLGATE-PALMOLIVE, the U.S. household and personal car products group, plans a major corporate restructuring scheme which may generate $260m from the sale of assets. The company will also repurchase 18 per cent of outstanding shares at the cost of $442.5m. Page 14

DOLLAR finished weaker in London, falling to DM 2.8055 (DM 2.817), FFr 8.56 (FFr 8.57) and Y236.65 (Y237.3) but improving slightly to SwFr 2.298 (SwFr 2.2955). On Bank of England figures the dollar's index fell to 136.5 from 136.8. Page 29

STERLING fell in London, losing 1.45 cents against the dollar to $1.4085. It was also lower at DM 3.955 (DM 4.0), FFr 12.0575 (FFr 12.175), SwFr 3.245 (SwFr 3.2575) and Y333.5 (Y336.75). The pound's exchange rate index fell 0.9 to 83.5. Page 29

GOLD fell 50 cents on the London bullion market to $325.25 but was higher in Zurich at $326.25. Page 28

In New York, the Comex August settlement was $327.10.

WALL STREET: The Dow Jones industrial average closed 1.35 up at 1,347.45 Page 36

LONDON equities finished with strong gains. The FT Ordinary index rose 7.1 to 943.1. Gilts were mixed. Page 36

TOKYO shares lost further ground as the Nikkei Dow market average dropped 37.62 to 12,232.27. Page 36

BELGIAN bank rate rises by ½ percentage point to 10 per cent from today.

EEC Commission fined Britain Ecu 8.8m ($6.8m) for offences under Community milk pricing rules in 1980-81. Similar sums could be due for the three following years when a two-tier price policy, deemed to discriminate against milk imports, was in force. Page 14

AMERICAN MOTORS, the fourth largest U.S. carmaker which is 46 per cent owned by Renault, the state-owned French motor group, posted a $70.4m second-quarter net loss against a $4.7m profit previously. Page 15

RENAULT, state-owned French motor group, has provoked strong trade union criticism with a plan to sell off its loss-making Micmo-Gitane bicycle subsidiary as part of a drive to divest its peripheral divisions. Page 15

IBM has won access to Japan's state-owned patents covering computers and other high technology information systems. Page 4

SWEDEN ran up a heavy deficit of SKr 12.5bn ($1.51bn) on the current account of the balance of payments in the first five months of this year. Page 2

COMPAGNIE Financière de Suez, French nationalised financial and industrial holding company, agreed to buy from the Government 3.75 per cent of the capital of Roussel-Uclaf, the pharmaceutical group. Page 15

BIDERMANN, France's fourth-largest clothing group, is raising FFr 150m ($17m) through an issue of new shares and convertible bonds, designed as a prelude to an eventual entry on the stock market. Page 15

BETHLEHEM STEEL, the third largest U.S. steel producer, returned to profit in its second quarter, earning $20.4m against a $62.1m loss in the first quarter. Page 15

Rand plunges 10% amid fears of new currency controls

BY JIM JONES IN JOHANNESBURG

THE South African rand plunged more than 10 per cent in furious trading yesterday influenced by rumours – later denied – that Chase Manhattan, the New York banking group, was to sever its ties with the country.

The rand fell to 43.5 U.S. cents from an overnight 48.5 cents. It recovered in subsequent trading to close at 45.5 cents. Foreign exchange dealers believed the improvement was due largely to technical factors and said the rand could fall further this week.

Earlier in the day Mr Simon Steward, the chief executive of Chase's Johannesburg representative office, refused to comment on the rumours. A spokesman for the New York office later firmly denied suggestions that any change in the bank's South African role was planned.

The response of the foreign exchange markets to the rumour underlines the nervousness which surrounds the embattled South African currency.

Trading in Johannesburg early yesterday was also affected by a scramble for dollars which was prompted by fears that the authorities might reintroduce the financial rand in parallel with the commercial rand as an effort to stem the outflow of investment capital from the country.

Gold and other mining stocks finished stronger but below their highs in moderate Johannesburg trading that reflected the sharp rise in the bullion price in local currency terms.

Local investors were encouraged into the market by the weakness of the rand while foreign selling, which dominated the market in recent days was inhibited by the sharp slide in the South African currency to a six-month low against the dollar.

Profit-taking developed late in the session to trim the early rises, and the industrial sector closed mixed with an easier bias.

The financial rand, through which non-residents traded in South African investments, was introduced in 1960 after the Sharpeville riots to stem just such an outflow of funds as is now taking place. It provided foreign investors with a discount on the rand which also made yields more attractive.

It was scrapped in February 1983 and a unitary rand re-established as part of the country's shift towards financial deregulation. Many Johannesburg stockbrokers and finance managers believe considerable pressure is growing for the authorities to reimpose direct foreign exchange and economic controls.

It is argued that the current rising trend in interest rates could accelerate if South Africa had difficulty in rolling over foreign borrowings, and this would precipitate a rash of bankruptcies of private sector businesses, whose cash flows have been squeezed by the combination of recession and high interest rates.

The reintroduction of controls would reverse the trend towards deregulation and would be widely seen as an admission by the South Africa authorities of an inability to manage the country's economy and end the current turmoil.

On the other hand, some economists say controls could be used to stimulate the economy and turn funds which would be effectively trapped towards projects which would reduce black unemployment.

The wide powers which the Government assumed under the state of emergency appear to be failing to end the turmoil in the country.

The Government yesterday placed limits on the number of people allowed to attend outdoor funer-

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Lex, Page 14; Money markets, Page 29; Stock markets, Page 36

Soviet–U.S. talks lay foundation for summit

BY ROBERT MAUTHNER, DIPLOMATIC CORRESPONDENT, IN HELSINKI

MR GEORGE SHULTZ, the U.S. Secretary of State, and Mr Eduard Shevardnadze, the Soviet Foreign Minister, yesterday set the stage for the scheduled summit meeting in Geneva in November with a three-hour meeting, described as "productive" by both sides.

The meeting was the first between the two foreign ministers since Mr Shevardnadze's appointment to his post in succession to Mr Andrei Gromyko a month ago. It took place on the margin of the conference celebrating the 10th anniversary of the signature by 35 countries of the Helsinki Agreement on Security and Co-operation in Europe.

Senior U.S. officials said the two ministers had agreed on a number of adjectives to describe the outcome of their meeting, ranging from "interesting and useful" to "frank, businesslike and productive."

After the discussions, Mr Shultz said that, while "very great differences" remained between the two sides, the meeting had been a good first step in the preparations, for what both governments hoped would be "a genuine, productive summit."

As far as his personal relationship with Mr Shevardnadze was concerned, Mr Shultz said "we should have an easy ability in talking with each other in a direct and useful way."

Mr Anatoly Dobrynin, the Soviet ambassador to the U.S., said at a press conference that a minimum agenda for the summit meeting had been agreed. This covered international security issues, including the nuclear arms controls negotiations in Geneva; the Stockholm and Vienna disarmament talks, regional problems and conflicts and bilateral issues. Agreement on this agenda was not confirmed by U.S. officials, and it was clear that Washington would also want to include human rights issues in the agenda.

Mr Dobrynin said he expected that the summit would prove to be "fairly complex" if for no other reasons than that U.S.–Soviet relations over the past year had been tense and that a considerable part of the fabric of detente established over the last years had been destroyed.

The ambassador stressed, however, that Moscow wanted to achieve "maximum progress" at the summit, and hoped the meeting would be "crowned with serious results," which would give a new impetus to U.S.–Soviet relations.

A declaration issued by the Soviet spokesman made it clear that, while the talks had taken place in a reasonably good atmosphere, neith-

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UK rejects Soviet N-test offer, Page 2

Western banks review strategy on Third World debtor nations

BY HUGH O'SHAUGHNESSY IN LONDON

STRATEGIES to be adopted by Western banks towards their increasingly hard-pressed debtors in Latin America and other developing regions will be reviewed at a two-day meeting in Paris which starts today.

Banque Nationale de Paris and Crédit Lyonnais are hosts on behalf of the group of 14 commercial banks. This group comprises large institutions which themselves chair steering committees of the creditor banks of various developing countries.

The meeting will be addressed by Mr Ernest Stern, senior vice-president for operations of the World Bank, and Mr Richard Erb, deputy managing director of the International Monetary Fund (IMF). The bank and the IMF are attending the meeting as guests.

The group of 14 meets periodically to discuss the situation of the Third World debtors. The organisers of the meeting are stressing privately that the gathering in Paris has no direct relation to the announcement by President Alan Garcia of Peru on Sunday that he was going to limit his country's expenditure on servicing the foreign debt to no more than 10 per cent of Peru's export earnings. The date and venue was fixed before President Garcia's announcement.

At the same time, the increasing financial difficulties of Peru and other Latin American borrowers, who together have debts to the West of about $370bn, will be high on the agenda at the meeting.

As always, the proceedings are surrounded by strict confidentiality, and neither of the French banks was prepared to comment on them yesterday.

Sr Antonio Ortiz Mena, the president of the Inter-American Development Bank, said in Montevideo last week that Latin America was undergoing the worst recession since the 1930s and unemployment was reaching a level where it threatened to become socially and politically unmanageable.

The Cartagena group of Latin American debtor governments meeting in Lima this week is expected to call for a new round of talks with political leaders of the creditor countries and agreement on easier payment terms for the region's foreign debt. Such terms should allow for some expansion in Latin America's economies. President Julio Sanguinetti of Uruguay said in Quito, the Ecuadorean capital, on Tuesday: "The dilemma is not 'to pay or not to pay.' Rather we must develop in order to pay."

Despite urgent Latin American demands for easier debt payment terms, the radical call by President Fidel Castro of Cuba for a total repudiation of Latin America's debt to its creditors has been virtually ignored

Peru gives priority to new lenders, Page 4

Digital plans £82m chip plant in Scotland

By Guy de Jonquieres in London

DIGITAL Equipment of the U.S., the world's second largest computer manufacturer, plans to invest more than £82m ($116m) in Scotland during the next three years to build an advanced microchip production plant at South Queensferry, near Edinburgh.

The project, the first of its kind undertaken by Digital outside the U.S., will more than double the value of the company's investments in Britain. It is expected to create about 400 jobs, many for graduates, in addition to the 4,000 already employed by Digital in Britain.

The planned investment was warmly welcomed by Mr Norman Tebbit, Secretary of State for Trade and Industry, and by Mr George Younger, Secretary of State for Scotland. The project will receive an undisclosed amount of British Government support.

The plant, which will make a range of specialised microchips of Digital's own design, will handle the entire production process, starting with raw silicon. Most of its output will go to an existing Digital factory at Ayr, also in Scotland, to be assembled and tested.

Some of the chips will be used in powerful minicomputers made at Ayr and the rest exported to other Digital plants worldwide. Digital does not sell components on the open market, where many other semiconductor makers have been hit by a steep fall in demand in recent months.

Digital says it will be the first computer manufacturer in Scotland with integrated production capacity extending from microchips to complete machines and the only large company in the industry to have such facilities in the UK. At present Digital imports many of the chips it needs.

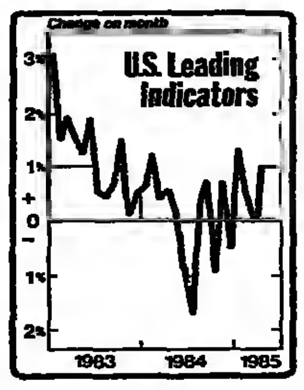
Construction of the 200,000 sq. ft. plant will start next year on an 86-acre site at Butlaw, near South Queensferry. It is due to come on stream early in 1988. It will use an advanced process technology, known as C-mos, and will make the chips on discs or "wafers" with a six-inch diameter, the largest size in commercial production.

Digital said the availability of a skilled workforce and the technical and scientific research activities of several nearby universities were major reasons for choosing the site.

Digital had worldwide sales last year of $5.9bn, making it the second largest computer manufacturer after IBM of the U.S. Its investments in Europe are valued at $250m and include nine production facilities and several engineering and support centres.

U.S. leading indicators up 1% in June

BY REGINALD DALE, U.S. EDITOR, IN WASHINGTON



THE U.S. index of leading economic indicators rose by a sharp 1 per cent in June, fostering hopes of renewed growth in the months ahead. The June increase, the strongest since January's 1.3 per cent, followed a period of three months in which the index had declined or only marginally advanced.

Another healthy sign announced yesterday was a 1.9 per cent increase in U.S. factory orders in June, on top of a strong 2.1 per cent rise in May. Both increases, however, were heavily swollen by defence orders.

The White House quickly welcomed the rise in the index as "boding well for renewed growth and continued expansion in the last half of 1985."

Mr Malcolm Baldrige, the Commerce Secretary, noted that the index, designed to foreshadow economic developments in the weeks and months ahead, had recorded a net gain of 2.7 per cent in the first six months of the year – against a decline of 1.6 per cent in the second half of 1984.

The improved figures were "consistent with projections of stepped-up economic growth" in the second half of this year, Mr Baldrige said. He conceded, however, that the index would need to perform even more strongly if the Administration were to meet its growth targets.

The Administration's revised forecast of 3 per cent growth for 1985 as a whole, issued earlier this week, implies an annual growth rate over 5 per cent in the second six months. Most private analysts, and even some government economists, believe that to be over-optimistic.

Both Mr Baldrige and the White House said that growth would be stronger if a quick solution could be found to the congressional impasse over attempts to reduce the budget deficit. Negotiators were meeting again yesterday on Capitol Hill to see whether some form of compromise could be agreed before the month-long summer recess begins tomorrow.

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UK to offer flexible terms to exporters

BY JOHN LLOYD AND PETER RIDDELL IN LONDON

THE BRITISH Government will be more flexible in future in offering assistance terms to exporters, but does not intend publicly to signal a change of policy, Mr Norman Tebbit, the Trade and Industry Secretary, indicated yesterday in an interview with the Financial Times.

Mr Tebbit said that, after Britain's current review of export support, he did not want suddenly to announce to the world that the UK is in the soft-loan game because it would just not be like that.

The key, he said, would be that when Britain was looking for business, particularly in relation to the aid and trade programme and bilateral aid, the Government "would be more flexible in future in offering aid in the form people like it rather than in the form it should be pre-ordained that they should have it."

He admitted to mistakes on the Government's side over the loss of the Bosphorus Bridge contract in Turkey, won by a Japanese consortium able to offer better aid terms. In future, the response rate should be improved, with fewer disputes, particularly between the Treasury and the Department of Trade and Industry.

Mr Tebbit stressed his attachment to free trade and to an end to regulations in Europe. He criticised the liberalisation package put forward earlier this year by Lord Cockfield, the EEC Internal Market Commissioner, for not paying "sufficient attention to the problem of getting a common market without state aids."

He said he wanted to see tighter regulation of state aids by the Commission.

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CHANGES IN CABINET ANNOUNCED

Craxi calls for confidence vote in coalition

BY ALAN FRIEDMAN IN MILAN

SIG BETTINO CRAXI, Italy's Socialist Prime Minister, yesterday called in Parliament, for a vote of confidence to approve his five party coalition's mandate.

The Senate is expected to vole today and the Chamber of Deputies tomorrow evening. The Government is likely to win both as it has comfortable majorities. The call for a confidence vote was expecied, and followed discussions among the leaders of the coalition parties: the Christian Democrats, Socialists, Republicans, Liberals and Social Democrats.

Sig Craxi also annouoced two minor cabinet chenges yesterdey. Sig Valerio Zenone, who receotly resigned efter nine years as leader of the Liberal Party, is to replace Sig Alfredo Biondi, his successor as party leader, as Ecology Minister. Sig Francesco Forte, the Socialist Minister in charge of European Community affairs, is to step down to devote himself to a new commission on hunger in the Third world. His post will be taken hy a fellow Socialist, Sig Loris Fortuna.

Addressing the Senate yesterday Sig Craxi said that achieving a 5 per cent inflation rate by the end of next year would he "difficult, but not impossible." Implicit in his speech was his well known desire to contioue as Prime Minister for the next three years. Next week be completes two years in office and by October will become the longest serving Prime Minister in post-war Italian history.

Commenting on the recent 8 per cent devaluation of the lira, Sig Craxi said the move should help Italy narrow its aerious trade deficit by giving a boost to exports. He added, bowever, that he was unsatisfied by the explanations of the Bank of Italy and ENI, the state energy group, for the currency chaos on July 19 which preceded the devatuation. It was ENI's purchase of $125m, in defiance of a ceotral bank request to abandon the operation, which contributed to the lira's crasb by 20 per cent against the dollar and the subsequent halting of foreign exchange trading by the Italian Treasury.

The parliamentary votes of confidence will hriog the current session to a close. In September, the Government will present its new hudget, which it says will contain important spending cuts and revenue generating measures to counter Italy's runaway public sector hudget deficit, which this year could reech more than L100,000hn (£37bn), or 13.5 per cent of thenation's gross domestic product.

● The Italian Comunist Party has given tentative approval to a policy of selective support for the development of nuclear power stetions. This reversal in the party's policy was the result of a compromise between party moderates aod Sig Alessandro Natta, the party secretary, who had opposed any change.

The more conciliatory tooe is seen in Ilaly as evidence that the Communist party, whicb suffered significant setbacks in elections in recent months, is moving to adopt more moderate positions.

UK rejects Soviet offer to halt N-tests

By Robert Mauthner, Diplomatic Correspondent, in Helsinki

SIR GEOFFREY HOWE, the British Foreign Secretary, yesterday backed the U.S. in rejecting the latest Soviet proposal for a moratorium on nuclear tests.

"Limited, nnilateral gestures of this kind are no substitute for serious long-term proposals," Sir Geoffrey told the 35-nation conference celebrating the 10th anniversary of the signature of the Helsinki Agreement on security and co-operation in Europe.

Snch gesturea could be no substitute for o genuine and durable framework for arms control, providing for effective verification procedures, Sir Geoffrey said. "Some nations still attach more importance to pohlic announcements designed for propaganda effect than to serious efforts to reach agreement."

He also followed the general Western line put yesterday with unusual vigour hy Mr George Sbultz, the U.S. Secretary of State, of castigating the Soviet Union and its East European allies for failing to implement the human rights provisions of the Helsinki Agreement.

Security could not be diverced from the political, economic and hnman aspects of relations between states, be said. The great virtue of the Helsinki Agreement was that it had brought individual hnman beings into the picture.

It had empbasised their right to travel abroad, their right to he reunited with their families and their right to personal freedom.

While contacts between people wonld not of themselves produce treaties or arms control agreements, closer and better international relations could never be complete or endure without such contacts. The tragic fact was that, in some Eastern European states, there had been no effective movement at all on buman rights.

Herr Hans-Dietrich Genscher, the West German Foreign Minister, also underlined the importance of respecting the buman rights provisions of the Agreement as a means of building confidence between East and West.

He supported a proposal by M Roland Dumas, the French Foreign Minister, that a special conference ehould be called on the re-unification of families and the right of any person to leave his own country.

French public funds to finance cultural TV

BY DAVID MARSH IN PARIS

THE FRENCH Government yesterday announced the freeing of FFr 700m (£57m) of public funds to finance a cultural television cbannel to be carried on one of the channels of France's TDF—1 direct television satellite due to be launched next July.

The announcement was accompanied by more detailed plans for two commercial nationwide over-the-air television channels to start up next year and around 40 local TV stations.

The projects are in line with President Francois Mitterrand's promise to deregulate France's traditionally tightly-controlled television industry. They will give viewers in some areas next year the choice of three or four channels in addition to the three state channels and the pay-TV network Canal Plus started last November.

Yesterday's decisions, taken at the weekly cabinet meeting after several weeks of complex discussions, still leave uncertain the identity and financial hacking of the private groups which will be running the commercial networks next year.

The Government has also to decide which French and European groups will he responsible for running and placing programmes on TDF—1. This will he the continent's first direct broadcasting satellite and will cover most of Western Europe.

The cultural channel will be along tha lines recommended by M Pierre Desgraupes, former head of France's Antenne 2 state television chain. His report three weeks ago proposed that it should be oriented towards films, theatre, music and variety with a strong appeal for European audiences.

Development will be financed by reducing the 18.6 per cent value added tax levied on TV licences to 7 per cent. This will increase television companies' revenues hy FFr 700m next year.

Programmes will be transmitted from next Jaouary on the FR-3 regional network, which at present broadcasts only in the eveniogs. This will give viewers an initial taste of the new programmes before TDF-1 becomes operational towards the end of next year.

M Georges Fillioud, the Communications Minister, said yesterday that a decision had not yet been made on which broadcasting interests will run the two nationwide commercial channels.

The first channel, whicb will lean towards music and above all young people, has attracted bids from a group of companiea including Enrope 1, Publicis and Gaumont. The second channel, offering general information and entertainment, may be put together by Radio Tele Luxembourg, the TV offshoot of the Compaigne Luxembourgoise de Telediffusion, together with Tele Monte Carlo.

The two nationwide networks would be able to broadcast to about 22m people, or 40 per cent of the population, in 60 French towns and agglomerations. They will he supplemented by 40 to 50 local stations which will be authorised by a Bill to go before Parliament before the end of the year.

Swedish current account in big deficit

By Kevin Done, Nordic Correspondent, in Stockholm

SWEDEN RAN np a heavy deficit of SKr 12.5hn (£1.06bn) on the current account of the halance of payments in the first five months of the year according to figures released by the central bank.

The deficit compares with a surplus of SKr 3.5bn in the corresponding period last year and marks a sharp deterioration in Sweden's external payments position this year. In April the Government said it expected a current account deficit of only SKr 3.1bn for the whole of 1985.

Sweden's trading performance in May was confused by an 18-day public sector strike which reduced the flow of Swedish foreign trade to a trickle with the halting of traffic through both ports and airports.

At the same time, however, imports have risen sharply during the first five months sucked in both by a consumer-spending boom and by higher industrial investment. In the first five months of the year Sweden achieved a trade surplus of only SKr 2.9bn compared with a surplus of SKr 13.1bn a year earlier.

To ease the pressure on capital flows out of the country—caused chiefly hy the deteriorating current account, Sweden has been forced to keep interest rates at a high level to attract private capital.

Despite some easing in rates during recent weeks there is still a large gap of 7-8 points between Swedish and Eurodollar interest rates.

The ontflow of capital was reversed in mid-May by a drastic raising of official interest rates, but in the first six months of the year there was still a rapital ontflow from Sweden totalling SKr 6.6bn, compared with an ontflow of SKr 1.8bn in the first half of 1984.

The authorities are hoping that the trade balance will strengtheo during the second half of 1985 and the first signs of an improvemeot emerged in June, when the preliminary trade figures showed a surplus of SKr 3.2bn compared with a surplus of SKr 2.2hn in June last year.

Patrick Cockburn visits the bustling capital of Kazakhstan

Brezhnev's old Alma-Ata prospers

ACROSS the vast gorge whicb leads down from the mountains to Alma-Ata, the capital of tbe Soviet republic of Kazakhstan, a dam has heen built to stop avalanches sweepiog down on the city when the summer sun melts the glaciers.

The earth and concrete barrier built in the late 1960s protects the city of 1m people immediately below the Tien Shan mountains from sudden inundation. Guides show photographs of Alma-Ata the last time it was devastated hy an avalenche of water, mud and boulders torn from the mouotaioside.

Today the city looks prosperous, its atreets lined with Lombardy poplars and elms. Tall modern huildinga rise around Leonid Brezhnev Square, commemorating the time when the former Soviet leader was for 18 years the Communist Party chief in Kazakhstan in charge of Nikite Krushchev's campaign to plough up the "virgin lands."

Alma-Ata, like the rest of Kazakhstan, has henefited from heavy investmeot in the development of ita natural resources and from its former association with Mr Brezhoev.

The present Communist Party chief for Kazakhstan is Mr Dinmukahmed Kuneev, 73, who has held the job since 1964 and was a close Brezhnev supporter.

He was in a strong position to secure investment for Kazakhstan, but given his age, past essociations end the new leadership in Moscow, Mr Kunaev's authority now looks less secure. A number of senior perty leaders from Kazakhstan have recenlly been dismissed and there is persistent Press criticism of the way in whicb the republic is run.

Despite this, the state shops in Alma-Ata look well stocked with elothes compared with cities further north. The peasant free market, filled with fruit and vegetebles in the summer, has cheaper prices than Moscow.

But most of tbe people buying water melons and vegetahles in the market are of distinctly Russian rather than Central Asien eppearance. Here in the capital, and to a tesser degree in the rest of Kazakhstan, Russians are the largest of the 100 nationalities who live in the vast republic. Kazakhstan is four times the size of Texas and stretehes from the Caspian Sea to the Chinese border.

Russians now make up 41 per cent of the republic's 15m population: Kazakhs, the titular netionality, make up only 36 per cent. Other national groups include Koreans (deported from Sakhalin Island near Japan efter the Second World War), Germans who came as settlers at the turn of the century or who were deported from the Voiga region hy Stalin, and Central Asians descended from the nomads who once grazed their flocks across the plains.

Some of Kazakhstan's inhabitants were given no say in their choice of residence, but most were drawn by the opportunity to exploit the resources of the conntry.

Russian settlers from the other side of the Ural moonteins have been attracted by the unploughed grasslands aince serfdom ended in the last century. After the 1917 revolution, the Soviet Government began to develop the republic's naturel wealth: agricultural land and in the north, coal in the centre and oil in the west close to the Caspian Sea.

The eities stand like symbols of different periods in the country's economic development. Karaganda, when founded in 1934, was a cluster of miners' settlements in the semi-desert. It was rapidly developed in the first surge of industrialisation and now 30,000 people work in the city's iron and steel plant. It looks like a typical example of the hig old industrial enterprises which Mr Mikheil Gorbachev, the Soviet leader, says must be re-equipped.

Apart from the blazing sun, the industrial landscape looks like parts of South Wales. Slag heaps, pit wheels and tall factory chimneya stand, somewhat incongruously, on the shores of a large artificial lake fringed with reeds.

A plant manager, when asked about plens to reduce pollution, said thet on 320 days of the year the prevailing wind is from the west and hlows smoke away from Karaganda. He did not explain how the 600,000 people in the city cope during the remaining 45 days.

Tselinograd was the centre of Mr Krushchev's virgin lands campaign, the hid to produce a quantum leap in Soviet agricultural production. It was not snch a failure as it is sometimes portrayed.

Volunteers from the European part of the Soviet Union, exhorted to do their patriotic duty, started to arrive in North Kazakhsten from March 1954; in a few years they had ploughed up 25m bectares of land to grow grain.

Production did increase but the grain crop is still very dependent on the weather. Last year, lack of rain reduced the total grain produced to 17.5m tons or balf the crop in the peak year of 1979.

None of the new Kremlin leaders have any experience of Kazakhstan and they are unlikely to pour investment into the republic but the old iodustrial hase, once crucial to the Soviet war effort, will presumably be improved and the political leadership which has run the country since the mid-1950s be replaced.

Chirac's claim stirs up storm over Guadeloupe

BY DAVID MARSH IN PARIS

M JACQUES CHIRAC, Mayor of Paris and leeder of France's RPR neo-Gaullist opposition party, bas drawn an angry government response to his claim that France was being held to ransom by independence-seeking "agitators" in Guadeloupe.

In an ettempt to make political capital out of the current unrest in France's Caribbean Island territory, M Chirac said that the latest events had underlined the Socialist Government's "contempt" for democratic principles.

His statement followed a decision on Monday hy the Guadeloupe appeal court to release from prison M Georges Faisans, a prominent member of the Island's independence movement. The release, which had been called for by all parts of the island's community to lower tensions after aeveral deys of clasbes, has succeeded this week in hringing life in Guadeloupe back to normal.

Mme Georgina Dufoix, the Social Affairs Minister and government spokesman, said yesterday that M Cbirac hed "exceeded his limits" by making remarks "unworthy of someone who aspires to high office."

Behind the political sideswiping lies the conviction on both Right and Left that tha independence struggles in Guadeloupe and New Caledonia will become increasingly important issues as next March's general election approacbes.

Although Guadeloupe was reported calm yesterday, isolated incidents continued in New Caledonie at the mining complex of Thio after police operations on Wednesday morning to remove barricades set up by separatists.

Political era ends for Poland

BY CHRISTOPHER BOBINSKI IN WARSAW

POLAND saw the end of an era yesterday when 460 deputies, most of whom were elected in 1980 under Mr Edward Gierek's Government, sat through the last session of the Parliament before forthcoming national elections in October.

Until yesterdey the parliament still contained members of the Gierek Government — men long ousted from power like Mr Mieczyslaw Jagielski who signed the Gdansk agreement which gave rights to Solidarity or Mr Stanislaw Kania who headed the party after Mr Gierek until he was also repiecеd in the autumn of 1981.

One experienced deputy noted yesterday that even though the chamber had been bend picked to ensure it would stick to Government instructions during the Solidarity beyday in 1981, it bad played a semi-independent role as medietor between the Government and the now banned trada union.

After martial law the freedom of manoeuvre for the deputies, especially in the private committee stages of various laws, become more aod more limited. By 1984 the chamher bad returned to its traditionei compliant model.

However, one of the remaining group of rebels Ms Maria Budzanowska yesterday spoke for an urgent reform of the central administration. She warned that this was essential if plans to decentralise the economy were to work.

The parliament discussed the state of the country's economic reform and passed a Bill setting out the rights and dnties of the country's police. The Bill gives members of the service pension rights after 15 years

● Customs dues on privately imported cars are to go up in the middle of August hy up to 100 per ceot to get Poles to buy vehicles from domestic herd currency agents.

Brussels approves steel aids

By Ivo Dawnay in Brussels

THE European Commission yesterday gave the go-ahead to member states for a final Ecu 4.7bn (£2.6bn) tranche of operatiog aids for restructuring their steel industries.

Such financial support was meant to come to an end last year, but industry ministers agreed in March to extend the deedline to December 31 on condition that real capacity cuts are achieved.

Yesterday's announcement is cooditonal on a further 2m tonne reduction in total steel cepacity, making 32m tonnes cut since 1980.

The new financing is in addition to the national aid plans authorised in June 1983 and are subject to several conditions. The payments will only be allowed where they will reduce financial charges for enterprises to a maximum of 4 per cent of their sales. This, in effect, represents the Commission definition of viability.

They are also required to cover only costs arising from additional cuts in capacity and must be paid hy the end of the year. The Commission accepts, however, that some new plant closures financed hy the initial fund will take place during 1986.

● Moves to re-estahlish relations between the EEC and Comecon, the Soviet hloc trade organisation, resumed this week.

Mr Willy de Clercq, the Externel Relations Commissioner, has responded to a letter from the Comecon secretariat with a request for further details on its proposals for a new general declaration on trading links.

Yugoslav debt falls continue

By Alexander Nicoll

TALKS between Yugoslav officials and the country's leading hank creditors on terms of a $3.5hn (£2.4hn) deht rescheduling package reached no conclusion yesterday and are expected to continue into a third day today.

If no agreement is reached during these negotiations, being held in London, Yugoslavia's deht situation could deteriorate rapidly. The International Monetary Fund bas warned that dishursement of an SDR 80m (£110m) tranche of a SDR 300m IMF loan, due in mid-August, is conditional on progress

The sticking point in tbe talks has heen the interest rate margin to be paid on the deht to be rescbeduled, which at present falls due between this year and the end of 1988.

Yugoslavia has been seeking a 1 percentage point spread over Eurocurrency deposit rates.

Union Carbide attacked in Bhopal report

By Our Brussels Staff

FAILURE TO observe safety procedures despite repeated warnings from workers tay behind the disaster at the Union Carbido plant in Bhopal, India, in which more than 1,780 people died, according to a report published yesterday.

The study, condncted by the International Confederation of Free Trades Unions and the International Federation of Chemical Workers, claimed the company had ignored complainta made repeatedly for four years before the explosion.

Despite the anxiety of staff, a company investigation two years before the tragedy failed to call for immediate measures to put right safety faults, the report says.

Presenting the findings yesterday, Mr John Vanderveken of the ICFTU, said that prompt international action must be taken to establisb standard procedures to avert similar accidents with highly dangerous chemicals.

"There must be international standards, not special measures for developing countries and others for the industrialised," he said. "There are some issues in the world that cannot be treated differently by rich and poor."

Among the recommendations made in the report are demands for strict health and safety standards including commonly agreed rules on the siting and design of new plant and processes and the compulsion of companies to fully inform workers on the hazards and behavioural properties of chemicals.

Spain's employers threaten to quit economic pact

BY DAVID WHITE IN MADRID

CONSENSUS arrangements between the Spanish Government, employera and the Socialist UGT trade union are in danger of hreaking down following a surprise ultimatum from the employers.

At a tripartite commission meeting, the CEOE employers' federation eccused the Government of not fulfilling its part of the bargain nnder a two-year economic and social pact signed last October.

It threatened to pull out of the follow-up commission, which meets quarterly under the terms of the pact, if it did not receive formel pledges from Sr Felipe Gonzalez, the Prime Minister, in response to its list of complaints.

The move provoked a sharp reaction from the other partners. Sr Joaquin Almunia, Labour Minister, charged the employers with "a flagrant hreach of the rules of the game," and denied that the CEOE had sufficiently well-founded reasons for abandoning the agreement.

UGT representatives accused the employers of acting ont of "political and electoral motivee" ahead of the general election due next year.

The employers' grudges centre principally on the lack of three-wey consultation on reform of the social security system—an issue which has created difficultiea between the Government and the UGT—and on the so far unfulfilled promise to adapt dismissal rules to EEC norms.

The Government's promise tn change legislation on dismissala, which are a notoriously difficult and costly process, was one of the main concessions won hy the employers in negotiating the agreement.

The CEOE also complains that the Government has unilaterally altered the economic policy aims laid down in the preamhle to the agreement. These set targets for economic growth of 3 per cent thia year and 3.5 per cent in 1986, and for an inflation rate of 7 per cent and 6 per cent. This year'e objectives have since been revised to 1.9 per cent growth and 7.9 per cent inflation.

The tripartite pact, reached in the absence of the UGT's rival union, tha Communist-led Workers' Commissions, included commitments on investment incentives, public spending, youth and part-time employment, training and the setting-up of a solidarity fund for jobs, as well as a union-employer agreement on wage bands for this year and next.

● Consumer prices dropped last month hy 0.2 per cent, the first monthly fall for nine years, according to provisional official figures. They brought the rise over the past 12 months tn 8.9 per cent, reducing the differential between Spain's prices and the average in the EEC to about 3 points.

Hungarian dentists drill way to prosperity

BY LESLIE COLITT IN BERLIN

THE HUNGARIAN authoritiee are considering how to crack down on dentists in the west of the country who are drilling their way to prosperity hy treating Austrian patieots privately for hard currency. The dentists are said to be violating Hungary's foreign exchange laws and are not paying taxes on the Austrien schillings they earn.

Most of the nearly 2m Austrians who enter Hungary annually are day visitors who throng border towns such as Sopron in search of bargains. One of these is dental treatment, especially the fitting of deotures by state-employed Hungarian dentists with discreet private practices.

Austrian practitioners on the other side of the border are fightiog tooth end naii ageinst the Magyar "discouot dentists." In interviews with Austrian newspapers they speak disparagingly of their qualificetions aod allegedly ioferior work.

A Hungarian economics weekly noted that the Treasury is being deprived of income by the illegal dentistry and that the disclosures are damaging the professional reputation of Hungarian dentists. A number of them provide legal dental treatment to Western petients in Hungarian hotels. Earlier this year a joint Hungarian-Swiss company celled Dental-co-op was formed to manufacture dentures in Hungary for patients in Western Europe.

According to official estimates no tex is paid on incomes totalling Forints 100bn (£1.4bn) a year or 20 per cent of total personal incomes.

Hungarian doctors and dentists employed by the state medical system are generously "tipped" by patients anxious to receive prompt treatment. Privata entrepreneurs and operators of leased etate sbops are also widely believed to be evading taxes as in fact are millions of ordinary Hungarians holding down second jobs.

A leading Hungarian cultural publication noted recently that with the rise in Hungary of groups of "over-privileged and the extremely under-privileged" it was difficult to say where the border line was between legality and illegality.

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Christian groups in move to isolate Gemayel

BY NORA BOUSTANY IN BEIRUT

LEBANON'S former president, Mr Suleiman Franjieh, yesterday met radical Christian commander Elie Hobeikah in the resort town of Ehden in a move apparently aimed at isolating President Amin Gemayel.

The meeting prompted speculation that Mr Gemayel's six-year term might be shortened and that Mr Franjieh might replace him. Mr Hobeika's close association with Israel in the past does not seem to hother his new allies, who have a joint desire to unseat Mr Gemayel.

Syria's position remains ambiguous. Mr Hafez Assad, the Syrian President, assured President Gemayel's envoy carlier this week that tirades against the Lebanese president were nothing but "soap bubbles."

Mr Franjieh, a staunch ally of Syria, travelled to Damascus on Monday for talks with Mr Nabih Berri and Mr Walid Jumblatt, respectively leaders of the Shi'ite Amal movement and the Druze. Mr Franjieh, aged 74, surprised the two politicians by informing them of his planned encounter with Mr Hobeika, a notorious leader of the Lehanese Forces, the Christian militia wbich carried out the bloody Sabra and Chatila massacres in 1982 but nevertheless generally regarded as a hard pragmatist.

The fnrmer President never forgave the late Lebanese Forces commander and President-elect, Mr Bachir Gemayel, for ordering an attack on Ehden in 1978 which led to the slaying of Mr Franjieb's son Tony, his wife, baby daughter and 30 supporters.

Despite declared Syrian backing for Mr Gemayel, Bachir's older brother and a member of the Phalange Party, Syrian-sponsored efforts to forge a national unity alliance front grouping Christian and Mnslem leaders seem to be at his expense.

Bnth Mr Jumblatt and Mr Berri want his remnval from office. They, too, have been involved in talks with Syria over a new political order in Lebanon giving Moslems more power.

Yesterday's unexpected meeting between Mr Hobeika and Mr Franjieb followed the delivery of 50 Soviet-made T-54 tanks to the Shi'ite Amal militia and largely Shi'ite Lebanese Army sixth brigade. Syria's dispatch of new armour to a local Moslem militia puzzled observers at a time when Damascus was seeking to consolidate a shaky truce and collect beavy weapons from Moslem militia in and around West Beirut.

Conflicting statements by Amal officials about whn the tanks were ultimately destined for added to the confusion. Several of the tanks parked between the airport road east of the Bourj Barajneh refugee camp and the coastal road were seen flying red, black and green Amal flags.

The fresh tank delivery boosted the sagging fire power nf the dominant Shi'ite militia, *which took heavy losses in men* and material during the month-long war against Palestinian guerrillas in the refugee camps.

● Two Israeli soldiers were wounded and a Lebanese civilian killed by a car bomb driven by a 13-year-old boy in the border "security zone," a military spokesman in Tel Aviv said yesterday, our Middle East Staff writes.

Eye-witnesses had spoken earlier of at least three deaths in the village of Arnoun where an Israeli unit was nn patrol in territory policed mainly by the Israeli-*sponsored South Lebanon* Army.

Claiming responsibility, the Syrian Nationalist Social Party, a pro-Syrian group, gave a different version. It said 25 Israeli soldiers were killed and the car bomber was 22-year-old Ali Ghazi Taleb.

Japanese post record trade surplus

By Jurek Martin in Tokyo

JAPAN'S trade and balance nf payments surpluses were again at record levels in June, according to figures released yesterday by the Ministry of Finance.

The returns, and Tuesday's announcement in the U.S. of a surge in imports from Japan in June *re-emphasise* the magnitude of current trade imbalances. It was in response to these and ont of fear of foreign protectionism against Japanese goods that the Government of Prime Minister Yasuhiro Nakasone set in motion on Tuesday its three year import action programme.

Officials bere concede it will take many months for the programme to have an impact.

In June, the merchandise trade surplus amounted to \$5.72bn (£4.08bn), well up on the \$4.29bn of May.

Exports were virtually unchanged from the preceding month at \$14.28bn (\$14.23bn), but imports fell sharply to \$8.56bn from \$9.95bn. The Ministry attributed this mostly to another big fall in oil imports, as buyers stayed out of the market in advance of the then pending meeting of the Organisation of Petroleum Exporting Countries.

The balance of payments on current account, the broadest measurement of trade and services, was in surplus by a record \$5.55bn in June, well up nn the \$3.58bn of May.

As the Bank of Japan intimated in advance last week, the outflow of long-term capital escalated sharply to \$8.16bn in June from \$4.68bn in May.

A drain of this magnitude would normally be expected to weaken the yen against the dollar. But the central bank said the composition of the outflow had significantly changed; U.S. financial instruments were being held for a shnrter-term and were more often covered than before, developments that were not reflected in the balance of payments statistics.

The yen began to strengthen against the dnllar in June and has continned to do so gradually ever since. It closed yesterday at Y236.65 to the dollar, an improvement of Y0.95 on the day.

The June returns mean that for the first six months of this calendar year Japan has achieved *trade and current* account surpluses of \$23.1bn and \$20.1bn respectively, compared with \$19.4bn and \$14.8bn in the same period of last year.

House arrest reimposed on Kim Dae-jung

BY STEVEN B. BUTLER IN SEOUL

MR KIM DAE-JUNG, Korea's leading dissident politician, was yesterday placed under house arrest again wben 200 plain-clothes men and riot police surrounded his bouse and told him that be was not to leave it.

The detention order follows months of Government anger over Mr Kim's active involvement in the affairs of the New Korea Democratic Party, the opposition party that put in a surprisingly strong showing in February's National Assembly elections.

The house arrest will prevent Mr Kim from attending today's opening of the party's national convention, where he was scheduled to speak. Mr Kim and another leading opposition politician, Mr Kim Young-sam, virtually cootrol the party, although neither is a member.

The police informed Mr Kim yesterday that he bad violated the law on political parties. Although a political ban against him and an earlier bouse arrest order were lifted on March 6, the terms of a suspended sentence for sedition still prohibit him from participating in the nation's formal political institutions, including political *parties*.

The action against Mr Kim is only the latest in s broad crack-down against the opposition that includes arrest of student, labour activists, and artists. The President of Seoul national university, South Korea's most prestigious university, was sacked last week for refusing to expell student activists, and the Minister of Justice was forced to resign over *disturbances* at the trials of students charged with staging an illegal sit in at the American cultural centre in May.

It is also believed the minister refused to condone use of the harsh national security law under which some of the students have been *charged*. The law carries the death penalty.

Government officials say they want Mr Kim to show contrition for his past political bebaviour and bis 1980 conviction before restoring his political rights, but Mr Kim scoffs at the idea. "I have been an ionocent victim of this government for five years," he said yesterday, citing the report of a U.S. State *Department* observer at his trial, who called the charges "far fetched."

Mr Kim has a widespread popular following in South Korea and is the greatest single political threat to the Government. He said yesterday that the Government's latest moves *against the opposition* will only result in greater social instability. "We have sought dialogue with the Government," he said, "but they have rejected our proposals." Yesterday evening, Mr Kim prepared a tape recording of bis speech to be played at the party convention today in his absence.

● South Korea yesterday responded favourably to North Korea's *proposals* to form a joint team to participate in the 1988 Olympic Games, which are scheduled to be held in Seoul, and said it was willing to enter into sports talks with the North.

At the same time, it side-stepped the North's main proposal wbicb called for Seoul and Pyongyang to cohost the Olympic Games, noting that the proposal violated the charter of the International Olympic Committee.

Chris Sherwell on findings of the Governments economic committee

Singapore puts blame on high costs

SINGAPORE'S SIX-year-old drive to upgrade its low-wage, low-prodoctivity economy of the 1970s has pushed business costs so high that the country has become internationally uncompetitive, according to a specially-appointed economic *committee*.

The finding is contained in an interim report from the committee which shows a dramatic and unfavourable, comparison with the U.S., Britain and several competitors among newly industrialising countries.

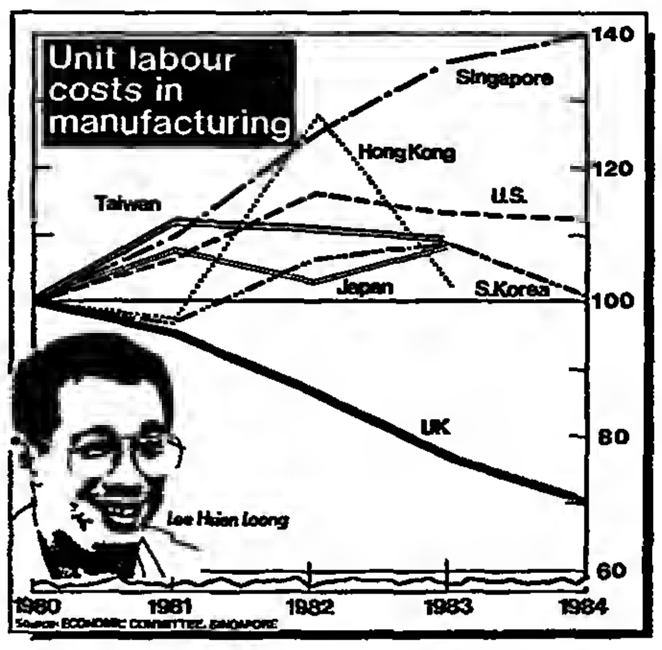
It foreshadows major changes, not far short nf a reversal, in the Government's "high wage" policy, as part of a bid to re-establish Singapore as a profitable country to do husiness in.

It also follows last weekeod's mini-package of economic measures aimed at putting the island state's slackening economy back on course. There was zero second-quarter growth in gross domestic prodnct which, with a *revised* 2.7 per cent *annual* figure for the first quarter, promises the lowest full-year growth rate since 1967, two years after independence.

Both the measures and the committee's interim findings were announced by Brig-Gen Lee Hsien Loong, a junior minister in the Ministry of Trade and Industry, and the 33-year-old son of the Prime Minister, Mr Lee Kuan Yew.

He called the measures "the first step in a new direction for the next 10 years" and said the committee's final report, due in December, would offer "solotinns to carry us through the next decade."

Businessmen, bankers and economists point to the self-criticism implied by these pronouncemeots, and to the Government's apparent willingness to be flexihle and entertain fresh ideas through the committee.



Some *radical proposals* are ruled out—Singapore is not to become a tax haven, for example—bnt many others are evidently being considered.

The 11-member committee was formed in mid-April and includes private sector and state sector manufacturers, bankers, civil servants and representatives of commerce and labour.

In its assessment of Singapore's restructuring policy, which aims to base growth on high increases in productivity, the committee says the policy is right and should continue. Significantly, however, it adds: "Certain underlying structural problems have developed which, if not connected, will severely constrain our further economic growth."

The committee's key finding is that high operating costs constitute the main problem facing businesses in Singapore. Total labour costs increased 10.1 per cent annually between 1979 and 1984, while productivity rose only 4.6 per cent. Other costs bave also risen, *including* rents, ntility and telecommunication charges, property taxes and car taxes.

"This trend cannot he sustained," the committee declares of the labour costs. "Real increases in wages in the future must be restrained

Regarding the unfavourahle comparison with other countries, the committee again declares that the trend must be reversed. Gen Lee commented this week that the premium Singapore could attract because nf its orderliness and efficiency was finite.

The impact of the unfavourahle trend is revealed by figures for investment commitments, which show a decline of 30 per cent in the first half of 1985 compared with the same period last year.

The committee adds that investmeot promotion is also becoming more difficult. Japanese and European multinationals are tending to invest directly in their markets rather than in lower-cost production centres; a process reinforced hy large-scale automation, which makes low costs less relevant. Some developed countries, meanwhile are offering their own attractive investment incentives to re-industrialise their economies.

As a result of its finding so far, the committee is reviewing not only the present bighly structured wage-bargaining process and local productivity programmes, but also Singapore's overall tax system compared with those of other countries.

Other reforms are being discussed *within* the *committee* and the government, particularly in relation to the financial sector. It is now clear that the Government would like to encourage the development of the capital markets, notably a government securities market and an unlisted securities market to *stimulate* venture capital.

This is an indication to many observers of greater flexibility in the way the Government regulates the economy, a point emphasised by Gen Lee in another refreshing signal of change. But the underlying strategy remains the same: Singapore's economic restructuring, having begun, is to be completed.

Philippines insurgency intensifies

By Chris Shehwell in Manila

THE DEATH rate among civilians and Communist-led guerrillas in the Philippines has risen sharply this year as the military has continued its battle against an intensifying insurgeocy, Lt Gen Fidel Ramos, the country's armed forces chief, confirmed yesterday.

He was giving a detailed update on the insurgency, which is led hy the New People's Army (NPA), the military wing of the Communist Party of the *Philippines*. The NPA has fought against the regime of President Ferdinand Marcos sinre 1969, and operates in 62 of the country's 73 provinces.

Gen Ramos said the number of violent incidents in 1985 was running 15 per cent higher than in 1984, when there were 3,700, mnre than 10 a day. Deaths, already 10 a day last year, have climbed to 14 this year.

Saying that be didn't like body counts, Gen Ramos pointed out that last year's death rate broke down into roughly one-third military, one-third civilian and one-third NPA. "Of the 14 a day this year, three are military, four are civilian and seven NPA," be said. Of the civilians, at least 78 were local officials.

Questioned about the military's own alleged abuses, be said new procedures had resulted in 399 cases being investigated over the past 10 months. Of these, 99 had resulted in punishments or trials by court martial. Army commanders bad also used their own strengthened powers to discipline their men.

Gen Ramos is acting chief of the armed forces, pending a verdict in the trial of Gen Fabian Ver on charges of complicity in the killing of opposition leader Benigno Aquino

British leads convoy of expatriates from Uganda

BY MARY ANN FITZGERALD IN NAIROBI

BRITAIN spearheaded an exodus of expatriates from war-torn Uganda yesterday in a convoy of about 100 vehicles which drove tn the Kenya border, 125 miles south of Kampala. Reports from the tiny border town of Busia said the refugees were tired hut well.

The evacuation was masterminded by Mr Peter Penfold, the acting British High Commissioner in Kampala. "I have been concerned to get everyone out since the situation began," he said on the telephone to Nairobi.

Mr Penfold had been negotiating with Ugandan army officers since Sunday to allow the British community to leave. *Permission was* granted by Brigadier Basilio Okello, the man who led conquering troops into Kampala at 5 pm on Tuesday.

Even though Kampala was reported to be calm, with soldiers patrolling the littered streets, the decision to despatch as many *foreigners* as possible to the safety of neighbouring Kenya was not reversed. Diplomats said living conditions in the capital of half a million people were deteriorating rapidly. There is no water, little food and intermittent electricity. Some British families were robhed of nearly all their possessions by soldiers early this week.

A group of about 210 people, most of them British but also including *Canadians*, Australians, Irish, Tanzanians and Indians, made up the British convoy of 40 private cars and two trucks.

Members of the British military trainig team stationed at Jinja led the convoy while their colleagues patrolled the road. The convoy, which crept out of the British High Commission grounds at 8.30 yesterday morning, was joined by groups organised by the U.S., French, Italian and UN embassies.

Mr Javier Perez de Cuellar, UN Secretary-General, yesterday sent a message of support for Uganda's military régime.

Taiwan parties pick poll teams

TAIWAN'S ruling Nationalist Party yesterday announced that 157 of its candidates will stand fnr the first local elections in four years, Reuter reports from Taipei.

A party official said Kuomintang (Nationalist Party) candidates would contest all the vacant posts against the opposition Tangwai group on November 16.

The Tangwai gronp—literally, those outside the Nationalist Party—said about 110 opposition and independent candidates had registered for the elections.

Elections will be held for the provincial assembly, mayor and county magistrate posts and city *councils* for Taipei and Kaohsiung.

During elections in 1981, the Tangwai captured 22 seats in the 11-member Taiwan provincial assembly.

Indian MP on Sikh 'hit list' shot dead

By K. K. Sharma in New Delhi

MR LALIT MAKHAN, a Member of Parliament representing South Delhi, his wife and a Congress worker were yesterday shot dead hy unidentified gunmen at the couple's residence in a Delhi suburb.

Mr Makhan was on the "hit list" of Sikh extremists. They believed he was among the instigators of the riots in which hundreds of Sikhs were killed after Mrs Indira Gandhi's *assassination last October*.

Police have not yet blamed Sikh terrorists for yesterday's killings but they said the murders were committed by professional killers who used sten guns and came to Mr Makhan's residence on a stolen scooter.

● The *foreign secretaries* of India and Pakistan yesterday made yet another attempt to evolve a "common ground" for their rival proposals for a treaty of friendship and a no-war pact. Talks on which bave continued intermittently for more than three years.

After 105 minutes of "candid discussions," between Mr Romesh Bhandari, of India, and Mr Niaz Naik of Pakistan, an Indian spokesman said the two sides "sought and gava clarifications on certain points concerning their documents."

India has proposed an overall friendship treaty and Pakistan, a no-war pact but, in addition to the historical hostility and suspicions between the two countries, the matter has been clouded further by suspicions that Pakistan is close to achieving nuclear bomb capability.

WORLD TRADE NEWS

Japan grants IBM access to patents covering computers

BY CARLA RAPOPORT IN TOKYO

IBM has won access to Japan's state-owned patents covering computers and other high technology information systems after years of negotiations with Japanese Government officials.

The agreement, expected to be signed next month, will make IBM the first and only non-Japanese company to gain full access to state-owned technology in the field of computers and information systems.

IBM said yesterday that the deal will open the way for licensing the technology covered by more than 400 patents, which include such areas as 3-D integrated circuits, opto-electronic measurement controls and technology developed under Japan's fifth generation computer programme.

In addition to existing patents, the agreement will also cover patents granted over a five-year period starting next year.

IBM Japan executives yesterday said the decision was "welcome." None the less, they pointed out that for years Japanese companies have had access to all their patents developed with government funds. Historically, patents developed by Japanese companies with government funds or in conjunction with government researchers have become the property of the Japanese Government. As a result, they were not included in cross licensing agreements.

The patent concession for IBM was agreed by the Industrial Science and Technology Agency of the Ministry of International Trade and Industry (Miti). A formal contract is expected to be signed in August. Other companies will have to continue to seek access to state-owned patents on a case-by-case basis.

● NEC of Japan and General Electric of the U.S. yesterday signed a contract to launch a joint-venture which will develop and market value-added network (Van) services worldwide.

● Japan and China signed a Y75bn (£221m) loan for China and a nuclear-power - co-operation agreement yesterday at the end of a two-day ministerial meeting, AP reports from Tokyo.

The two agreements were signed by Wu Xueqian, the Chinese Foreign Minister, and Shintaro Abe, his Japanese counterpart, at the final session of the conference, fourth in a series of high-level talks that began in 1980.

Tokyo trade package wins tentative EEC approval

BY IVO DAWNEY IN BRUSSELS

THE EUROPEAN Commission yesterday gave a tentative welcome to the Japanese "action programme" of measures aimed at liberalising trade access to its market. But it added that a proper assessment of the value of the move would require careful analysis.

Mr Willy de Clercq, the Trade Commissioner, said the package was evidence of the efforts of Prime Minister Nakasone to bring about a "real liberalisation" of his country's market.

But he also noted that the Japanese leader had undertaken on his recent visit to Brussels to consider the Community's response to the programme after its details had been examined.

The Community would examine the plan prior to the wide-ranging ministerial meeting between the EEC and Japan scheduled for next October, he said.

● The Commission yesterday adopted proposals on trade preferences for third countries for 1986, taking into account the accession of Spain and Portugal to the EEC on January 1.

The improved offer under the generalised system of preferences (GSP) should lift access by 10 per cent and raise the financial value of the preferences from the Ecu 18bn this year to Ecu 19bn.

Special consideration has been taken in the plans for the interests of the developing countries with improved terms agreed yesterday for Asia and Latin America.

Britain and Malaysia to increase flights

By Our Aerospace Correspondent

BRITAIN AND Malaysia have agreed on an increase from the present four to five flights weekly each way between the two countries from next July by British Airways and Malaysian Airlines System.

The deal follows weeks of talks in London and Kuala Lumpur by officials of the two countries, following the visit by Mrs Thatcher, the British Prime Minister, to South-East Asia earlier this year, during which she agreed in principle that the Malaysia request for extra flights would be allowed.

That pledge, in turn, followed years of unsuccessful efforts by the Malaysian Government to win increased flights, which the UK had resisted because it felt there was insufficient traffic on the route.

The effect of the deal is that the number of passengers each airline will be permitted to carry weekly is 1,550 each way (the equivalent of five Jumbo jet or other wide-bodied aircraft loads) against the present level of 1,240.

Turkey and Iraq sign oil pipeline deal

TURKEY and Iraq signed an agreement yesterday in Baghdad to build a second pipeline to pump Iraqi crude to Turkey's Yumurtalik terminal on the Mediterranean coast, the semi-official Anatolia news agency said, AP reports from Ankara.

Mr Ahmet Kurtcebe Alptemocin, Turkish Finance Minister, said that the pipeline would run parallel to one in operation since 1977 and it would be 920 km long with a capacity of 500,000 barrels a day.

Mr Alptemocin said the contract for the pipeline would be awarded in 10 days and that construction would take 18 months.

McDonnell Douglas launches new airliner

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

McDONNELL DOUGLAS of the U.S. is launching a sales campaign for its three-engined long-range airliner, the MD-11, which is to replace the tri-jet DC-10.

Mr James Worsham, president of the Douglas Aircraft Company Division of McDonnell Douglas, said that if sufficient launch orders for the airliner were received by January, 1986, the aircraft would be put into production, with first deliveries in late 1989.

McDonnell Douglas is planning to spend up to $1bn (£70.9m) on design, development, tooling, initial production and support of the new aircraft, which will be sold for $70m.

Preliminary discussions on the MD-11 have been held with most of the existing 50 airlines using the DC-10.

Potential customers could include Lufthansa and Swissair in Europe, and American, Eastern and Northwest in the U.S.

The MD-11, formerly called the MD-11X during its design stage, will be bigger than the DC-10, seating about 330 passengers against the DC-10's 270. It will also have a longer range, capable of up to 6,900 statute miles non-stop.

The engines will be either the U.S. General Electric CF6-80C2 or the Pratt Whitney PW-4000, each capable of over 60,000 lbs thrust, making them the most powerful jet engines.

These new engines, together with an improved, two-member crew flight deck, will enable airlines to lower their operating costs, compared with the DC-10, Douglas claims.

The MD-11 is designed to replace the ageing DC-10, which has been in service since the early 1970s, and to ensure that the company can match the competition in the high-payload, long-range market from Boeing's 747 Jumbo jet, which is also being steadily improved.

Many airlines have long-range routes world-wide which do not carry enough traffic to require the bigger 747, but are still too busy to permit the use of a smaller, twin-engined long-range aircraft such as the Boeing 767 or Airbus A-310-300.

McDonnell Douglas believes it should be ensured a substantial market because it has sized the MD-11 to meet requirements between the two extremes. It estimates total world-wide demand for the MD-11 could amount to more than 300 aircraft up to the end of the century.

The emergence of the MD-11 may oblige Airbus Industrie of Europe to consider advancing its own plans for a new, long-range airliner, the four-engined TA-11, intended to carry about 250 passengers over distances of more than 6,500 miles.

This project, which has been extensively discussed by Airbus with airlines over recent months, but which has not yet been formally launched, is also designed to fill the gap between long-range twin-engined aircraft and the big Jumbo jet, and for routes with long distances but low traffic densities.

Swiss try to protect a vested trade interest

GATT

Switzerland has good reason to support a new round of negotiations—not least because it regards as catastrophic a collapse of the multilateral trading system. In this fifth article on Gatt, William Dullforce examines Berne's call for the body's authority to be strengthened and extended

THE SWISS are among the most faithful adherents to the General Agreement on Tariffs and Trade (Gatt) and among the staunchest in working for a new round of talks to get it functioning properly.

This is not, as might be supposed, because Gatt headquarters are in Geneva and its director-general, Mr Arthur Dunkel, is Swiss. It is because Switzerland has a vested interest in an open world trading system.

As Mr Franz Blankart, the Swiss Federal Council's trade representative, puts it: "The collapse of the multilateral trading system would not be so serious for the U.S., which could always negotiate bilateral agreements. It would be catastrophic for small countries like Switzerland whose exports are equivalent to almost half its gross national product."

Brazil, one of the countries blocking progress towards a new round, knows that it would always be able to negotiate a bilateral deal with the U.S. if Gatt fell apart, Mr Blankart says.

Even if Switzerland also managed to negotiate a bilateral pact with the U.S., it would have much less importance because of the geographical diversity of Swiss trade.

The prospect which frightens the Swiss most is that the Gatt system will become clogged by bilateral and regional agreements negotiated outside its aegis: the combination of "plurilateral" and bilateral arrangements which is being discussed in the U.S. Congress as an alternative to Gatt.

"We can no longer be sure that the U.S. is in a position to act as the primary defender of the multilateral trading system," Mr Blankart says. He has just returned from Washington, where he talked with Mr Clayton Yeutter, President Ronald Reagan's new trade representative.

In place of the guardian role which the U.S. played in the early days of Gatt—and which they recognise is no longer appropriate after the organisation's expansion to embrace the developing and newly industrialised countries — the Swiss want Gatt's own authority to be substantially strengthened and extended.

The "constructive ambiguity" which characterises much of Gatt's present work needs to be replaced with "clearcut instruments of class international law defining everyone's rights and obligations in clearly delineated fields," says Mr Blankart.

Switzerland believes that the negotiations should have a wider reach and a different content than earlier rounds. It suggests that they be conducted in three "baskets:"

● A rule-making forum to rectify Gatt's existing regulations and to elaborate regulations for new areas, including services. The Swiss hope that a new Gatt body could emerge which would be able to negotiate issues, such as services and trade in counterfeit goods without having to ascertain first whether the issue fell within Gatt's scope;

● Negotiations on Gatt's executive functions, such as the supervision of tariffs, market access and quantitive import restrictions;

● Discussions on the "economic environment" in which Gatt functions. The Swiss would like this basket to produce a declaration by Gatt's 90 members on the conditions for the smooth functioning of a multilateral trading system, in particular on the requirements placed on monetary policies. It would inevitably examine the relationship between Gatt and the International Monetary Fund.

The third basket would open the way for discussion of some of the developing countries' preoccupations, such as the link between their indebtedness and trade.

A particular bugbear for the Swiss is the Voluntary Export Restraint (VER) agreement of the kind concluded between Japan and the EEC on video cassette recorders and between Japan and the U.S. on cars.

These two agreements may have had little impact on Switzerland but others have done so. The deal made by Britain and the Irish Republic on imports of rubber boots and shoes from South Korea, for instance, led to a doubling of Korean exports to Switzerland between 1978 and 1980 to the detriment of their own plants, the Swiss claim.

Switzerland has no bilateral agreements. It operates no quotas even for imports of textiles and clothing.

This loyalty to basic Gatt principles, the Swiss feel, should not be rewarded by backlashes from VER agreements between other countries. They want the Gatt rules widened to cover these and other safeguard measures.

Not surprisingly for a country whose banking and insurance enjoy international importance, Switzerland joins the U.S. in urging that the new round must deal with trade in services.

Berne's official position is cautiously phrased. Talks on services, it says, should take place without any prior conditions on the areas to be covered or on any punitive action.

Swiss bankers, insurers and economists, however, voice the straightforward argument for including services: old, industrialised economies cannot continue to open their markets to manufactured goods from developing countries and suffer the loss of jobs in their own manufacturing industries, if the service industries absorbing the displaced employees are prevented from developing business abroad.

Whatever diplomatic language the message is wrapped in, Swiss businessmen see a definite link and potential trade-offs between the talks on goods and those on services.

The Swiss also fear a slide into bilateral agreements from the non-discrimination principle embedded in Gatt's "most-favoured-nation" clause. They are unhappy about the Caribbean Basin Initiative under which the U.S. has granted preferential treatment to imports of Caribbean goods in return for advantages in services in the Caribbean area.

Trade in agricultural products, another crucial subject for the new round, is a different matter. Switzerland was granted dispensation from Gatt rules about protective measures on farm products when it became a full member in 1966, mainly on the grounds that its political neutrality gave it the right to maintain a level of independence.

Official figures are not available, but Dr Fritz Leutwiler, the former president of the Swiss National Bank and now chairman of Brown Boveri, recently calculated that the many different forms of farm support were costing the Treasury between SwFr 3bn and SwFr 5bn (£900m-£1.5bn) a year.

It can be safely assumed that the Swiss will not be in the forefront when it comes to negotiating on agriculture in the new round. But would they block concessions on farm products, if they were the condition for the reinforcement and expansion of Gatt rules the Swiss are so keen to achieve?

The previous articles in this series appeared on July 2, 12, 18 and 24.

Company Notices

THE PACIFIC FUND S.A.
société anonyme d'investissement

Registered Office: LUXEMBOURG, 14, rue Aldringen
Commercial Register: Section B No. 7825

NOTICE OF ANNUAL GENERAL MEETING OF SHAREHOLDERS

The Annual General Meeting of Shareholders of THE PACIFIC FUND S.A. will be held at its registered office at Luxembourg, 14, rue Aldringen, on August 9th, 1985, at 10.00 o'clock for the purpose of considering and voting upon the following matters:

1. To hear and accept the reports of: (a) the directors (b) the statutory auditor.
2. To approve the statement of assets and liabilities and the statement of operations ended March 31st, 1985 and to consider declaration of dividend.
3. To discharge the directors and the auditor with respect to their performance of duties during the year ended March 31st, 1985.
4. To elect the directors to serve until the next annual general meeting of shareholders.
5. To elect the auditor to serve until the next annual general meeting of shareholders.
6. Any other business.

The shareholders are advised that no quorum for the statutory general meeting is required and that decisions will be taken at the majority of the shares present or represented at the meeting, with the restriction that no shareholder either by himself nor by proxy can vote for a number of shares in excess of one-fifth of the shares issued or two-fifths of the shares present or represented at the meeting.

In order to take part at the statutory meeting of August 9th, 1985, owners of bearer shares will have to deposit their shares five clear days before the meeting at the registered office of the Fund, 14, rue Aldringen, Luxembourg, or with the following banks:

—BANQUE GENERALE DU LUXEMBOURG S.A.
14, rue Aldringen
Luxembourg

THE BOARD OF DIRECTORS

TAISHO MARINE AND FIRE INSURANCE COMPANY LIMITED

NOTICE TO E.D.R. HOLDERS (ONE DEPOSITARY SHARE COMPRISING 10 ORDINARY SHARES OF YEN 50 EACH)

HAMBROS BANK LIMITED announce that Coupon No. 17 representing the dividend on the underlying shares for the year ended 31st March, 1985 is payable as from 1st August, 1985 at the rate of US $0.27 per Depositary Share less Japanese Taxes as applicable, and may be presented for payment at their Stock Counter, 41 Bishopsgate, London EC2P 2AA, or at Kredietbank S.A. Luxembourgeoise, 43 Boulevard Royal, Luxembourg.

Coupons presented to HAMBROS BANK LIMITED must be listed on the special listing forms, which may be obtained at their Stock Counter, and when applicable U.K. Income Tax will be deducted at the rate of £0.13 in the pound on the gross amount of the dividend before deduction of Japanese Withholding Tax.

HAMBROS BANK LIMITED
1st August, 1985

ASICS CORPORATION
Notice to EDR Holders

Notice is hereby given that copies of the 1985 Annual Report of ASICS Corporation for the year to January 20, 1985 are available at the offices of the depositary, The Chase Manhattan Bank N.A., Woolgate House, Coleman Street, London EC2P 2HD, and of the depositary's agent, Chase Manhattan Bank Luxembourg S.A., 47 Boulevard Royal Luxembourg.

The Chase Manhattan Bank N.A.
London as Depositary.
August, 1985

COMPANIA TELEFONICA NACIONAL DE ESPANA
Floating Rate Note Issue
1980/1991 of USD 50 million

The rate of interest applicable for the six months period beginning on July 31 1985 and set by the reference agent is 8½% annually.

NATIONAL COAL BOARD
US$100,000,000
8% Guaranteed Bonds 1987

S. G. WARBURG & CO LTD. announce that the redemption instalment of Bonds due 1st September, 1985 for a nominal value of US$5,000,000 has been met by purchases in the market. US$65,000,000 nominal amount of Bonds will remain outstanding after 1st September, 1985.

33 King William Street
London EC4R 9AS 1st August, 1985

CHEMICAL NEW YORK CORP.
US$300,000,000 FLOATING RATE SENIOR NOTES DUE 1999

In accordance with the provisions of the Notes, Notice is Hereby Given that for the interest period from July 31st, 1985 to August 30th, 1985 the Notes will carry an interest rate of 8¼ per cent per annum.

The interest payable on the relevant interest payment date, August 30th, 1985 against coupon No. 8 will be US$67.19 per US$10,000 Note.

Agent Bank
CHEMICAL BANK

BANQUE NATIONALE DE PARIS
Floating Rate Note Issue of USD 250 million
January 1980/88

The rate of interest applicable for the three month period beginning July 31 1985 and set by the reference agent is 8¼% annually.

HILL SAMUEL FINANCE B.V.

TO THE HOLDERS OF THE U.S.$30,000,000 FLOATING RATE NOTES DUE 1996

Copies of the report and accounts of Hill Samuel Finance B.V. and of Hill Samuel Group Plc for the year ended 31st March 1985 are available from the Secretary, Hill Samuel Group Plc, 100 Wood Street, London EC2P 2AJ.

AMERICAN NEWS

Urgent attempts launched to rescue Curacao oil refinery

ROYAL DUTCH/Shell's decision to close its big oil refinery in Curacao has left the Netherlands Antillean, Dutch and Venezuelan governments scrambling to organise a last-minute rescue plan to keep the facility open, writes Laura Raun in Amsterdam.

Venezuela, which has supplied the loss-ridden refinery with crude oil, seized the initiative late Tuesday as Royal Dutch/Shell announced it gradually would halt operations beginning in August. Caracas planned last-minute talks on taking over the 320,000 barrel a day (b/d) facility, a possibility which the Anglo-Dutch oil giant left open in its announcement. The Hague, which is responsible for the Antilles' foreign and defence policies, also is participating in the negotiations in the Caribbean islands.

All three governments have a vested interest in ensuring the survival of the 60-year-old Curacao complex, whose closure has been postponed twice before. Caracas already lost one major buyer for its heavy crude earlier this year when Exxon shut its 420,000 (b/d) refinery on the Antillean island of Aruba. Social unrest that could result from a closure of the 1,900-man Curacao plant also troubles Venezuela, which historically has had close ties with Curacao.

For Willemstad, capital of the six-island Antillean chain, the demise of a second significant employer is even more threatening. Unemployment in Curacao runs at 35 per cent and the Shell refinery indirectly provides another 4,000 to 6,000 jobs. It is feared that Aruba's planned independence from the Antilles in January will deprive the other, smaller islands of economic support.

The Netherlands, which took control of the Antilles in 1816, feels morally responsible for the impoverished Antilles, although economic aid has been curtailed amid the Netherlands own austerity measures. The Hague fears an immigrant wave of Dutch nationals from the Antilles if the threatened refinery folds. Mr Ruud Lubbers, the Dutch Prime Minister, flew to Caracas for emergency talks two weeks ago and returned with an optimistic report of a political accord reached between the three governments.

Mr Lubbers' diplomatic pressure failed to sway the hard-nosed Royal Dutch/Shell from its determination to close the refinery unless oil-price concessions from Petroleos de Venezuela, the state oil company, were forthcoming. The Curacao facility, which is operating at less than half capacity, lost Fl 165m ($52.4m) in the first half of this year and needs several hundred million florin of investment to shift the output toward light, more remunerative products.

Royal Dutch/Shell had won several of its demands for continuing operations. Venezuela agreed to provide extra crude supplies, Curacao promised to ignore 16m in taxes and employees agreed to a 15 per cent cut in wages. But The Hague and London-based oil company failed to wrangle the kind of price cuts from Petroleos de Venezuela that were considered necessary.

Canadian appeal on fibres

MONTREAL – Quebec's textile industry has warned that as many as 21,000 jobs could be lost in the province unless there are changes to the Multifibre Arrangement (MFA) which controls imports from the Third World.

Mr Irving Steinberg, president of the Clothing Manufacturers' Institute, said that the Quebec clothing and textile industry faced "terrible pressure" from imports.

Unless there were modifications to the MFA within three years, 30 per cent of the jobs in the sector would disappear in Canada, with 21,000 jobs lost in Quebec alone, he said.

Mr Steinberg is hoping for a renewal of the MFA, part of the General Agreement on Tariffs and Trade (Gatt), which came into effect in 1982 and ends in July 1986. Talks on the pact are due to begin soon in Geneva.

The Quebec clothing industry would like to see the agreement modified so that the growth of imports follows the growth of domestic market demand.

The Canadian Textiles Institute says that since 1982, textile and clothing imports into Canada have increased by 43 per cent, but the Canadian market grew at an annual rate of between 3 and 6 per cent.

Mr Steinberg would also like to see some other developing countries join the Gatt agreements.

AP-DJ

U.S. approves bill solution

WASHINGTON – The House of Representatives yesterday gave final approval to a $12.7bn compromise foreign aid bill for 1986 which opens the door to new or revived U.S. military involvements in Nicaragua, Kampuchea and Angola.

The 262 to 161 vote of the Democrat-controlled House means that the measure will now go to President Ronald Reagan for his signature. The Senate passed the bill on Tuesday.

If signed by President Reagan, as expected, the measure would constitute the first foreign aid authorisation bill enacted by Congress since 1981.

Besides massive new aid for Israel and Egypt, the bill contains fresh initiatives for U.S. involvement abroad, including an unprecedented $5m for the non-Communist resistance in Kampuchea and repeal of a ban on aid to anti-Marxist rebels in Angola.

It also includes $27m for U.S.-backed rebels, known as "Contras," who are trying to overthrow Nicaragua's left wing Government but bars the Central Intelligence Agency (CIA) from administering the funds.

Congressional negotiators resolved differences in House and Senate versions of the bill during a marathon session last week. Reuter

New lenders to be given priority by Peru

By Hugh O'Shaughnessy

CREDITORS willing to advance new money to Peru will be given priority in the servicing of their loans to Peru, President Alan Garcia said at a press conference in Lima late on Tuesday.

In his presidential inaugural address on Sunday Sr Garcia announced that the maximum for Peru would pay on the service of its foreign debt would be 10 per cent of Peru's export earnings.

This compares with about 45 per cent remitted to foreign creditors during the five years President Garcia's predecessor, President Fernando Belaunde, was in office.

Reaction to the two pronouncements among creditor banks has been generally muted but various commercial lenders have made it clear that they will be pressing for the 10 per cent limit to be raised substantially.

Sr Garcia received members of the steering committee of Peru's commercial bank creditors in Lima on July 16 while he was still president-elect and told them he intended that Peru should deal with them on a bilateral basis.

He assured members of the committee that Peru was anxious to discharge its financial obligations when circumstances permitted and to maintain the best possible relations with the international financial community.

The senior officials designated to maintain contact with Peru's creditors are Sr Guillermo Castaneda and Sr Cesar Atalla.

Peru has indicated that it might welcome a change in the composition of the steering committee of banks which act for Peru's commercial banking creditors.

Mexico's trade surplus down

MEXICO had a foreign trade surplus of $3.7bn in the first six months of this year, down 48.8 per cent from the surplus in the corresponding period in 1984, the budget and planning department reported.

Great Plains synthetic fuel project at risk

BY WILLIAM HALL IN NEW YORK

THE FUTURE of the $2bn Great Plains coal-gasification plant, the U.S.'s most important synthetic fuels project, which went into production last year, is hanging in the balance after a U.S. Government decision not to back a rescue plan.

Mr John S. Herrington, U.S. Energy Secretary, has told the Synthetic Fuels Corporation (Synfuels), the U.S. agency set up to develop alternative fuel supplies during the 1970s oil crises, that it will not provide the $720m in price supports and the $673m in loan repayment deferrals which the project's five commercial sponsors were seeking.

The plant, which is the first of its kind in the world, is based in North Dakota and converts lignite – a low grade form of coal – into a cleaner burning, more easily transportable fuel. While the plant has been a technical success and is operating within budget, it is not economic. The gas produced sells for $5.50 a thousand cubic feet while it costs $10.75 per thousand cu ft to produce.

Compared with oil prices of around $28 a barrel, analysts say that the project is producing fuel at the equivalent of $62 a barrel. Mr Herrington has told Synfuels that the proposed rescue plan "will not provide assurance of long-term operation of the project at a reasonable cost to the taxpayers and the nation."

By refusing to support the project, the U.S. Administration will save taxpayers' money, but several industry observers believe that it is taking a far too short-term view and is threatening the country's long-term energy security.

The project partners, which include Tenneco, American Natural Resources, Transco Energy, Midcon Corporation and Pacific Lighting Corporation, are expected to make a statement on the project's future today. It is most unlikely that they will be able to continue without official backing.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Trident 'poses threat to key defence projects'

BY BRIDGET BLOOM, DEFENCE CORRESPONDENT

AS SPENDING on the Trident nuclear programme reaches its peak, pressure on the defence budget might cause either delays to Trident itself or the postponement of other key weapons projects, the House of Commons defence committee believes.

The all-party committee says in a special report published yesterday that the most testing period for Trident bas yet to come. So far, only 7 per cent of the estimated £9.2bn programme has been spent. In the peak years at the end of this decade, Trident might take over 12 per cent of the Defence Ministry's equipment vote in a defence budget that will have declined in real terms by more than 6 per cent.

That might pose the Government severe difficulties, including the need to carry out a fourth refit of at least one of the Polaris nuclear submarines that currently provide Britain with its independent nuclear force, the committee says.

The committee endorsed the favourable judgment of the Comptroller and Auditor General on the management of Trident: "We have been impressed by the extent to which the estimates in constant prices and exchange rates for individual components have tended downwards", it says, noting a net decline in real costs of £158m since the project was announced in 1980.

The actual increases in Trident costs have come mainly from inflation, and from the decline in the value of the pound against the dollar, although some other adjustments have been made as a result of shifting work – notably the processing of the new missiles – from the UK to the U.S.

However, the committee says that uncertainty in four main areas of the programme might result in increased costs or delays in the future. The new 15,000 tonnes submarines are to be powered by a pressurised water reactor which is essentially a prototype; the D5 missiles, being bought from the U.S., have still to be tested; no work has yet begun at the complex basing sites of Faslane and Coulport in Scotland; and the Atomic Weapons Research Establishment at Aldermaston, Berkshire, which is to make the warheads, is short of skilled staff.

The committee's report says that 104 contracts worth $37m had been awarded to Britisb companies on the U.S. Trident programme as a whole by early July, "rather less than official optimism might have suggested."

It also notes that the number of jobs which the Trident project is expected to sustain has fallen from an estimated 25,000 directly and 20,000 indirectly in 1980 to the latest estimate of 17,000 direct and 15,000 indirect.

Sixth report from the Defence Committee: The Trident Programme, HMSO £6.90.

Life of patent protection shortened

BY RAYMOND HUGHES, LAW COURTS CORRESPONDENT

COMPANIES SEEKING licences to market patented goods in the UK expect to benefit from a ruling of the House of Lords.

A decision by five Law Lords yesterday means that companies could be in a position to market n product immediately the initial patent protection period has run out.

Before yesterday's ruling a would-be competitor could not apply for a licence – the processing of which by the Patent Office could take up to a year – until after the original patent period had expired.

The Lords held that a "licence as of right" ... to market a patented product in the UK can be applied for, and its terms settled or agreed, in time for the licensee to start business from the day such a licence becomes available under the 1977 Patents Act.

The Law Lords overturned Appeal Court rulings in May that an application to fix the terms could not be made until the start of the four-year extension to a 16-year patent provided for by the Act, and that a licence took effect as soon as applied for, whether or not its terms had been agreed.

The Law Lords' ruling, for which they will give their reasons later, was made in an appeal by Gist-Brocades, a Dutch drug company, and its English associate, which want to compete with the Beecham Group in the UK market for a bronchitis antibiotic.

Beecham's 16-year patent on Amoxycillin expires on August 20, after which licences will be obtainable by other drug companies as of right.

A refusal by the Comptroller General of Patents last year to settle the terms of a licence for Gist-Brocades until after August 20 had been unheld by the Patent Court and the Appeal Court.

Gist-Brocades had argued that, since it took about a year to process a licence application, it was entitled to apply, and have the terms settled, in time for the licence to operate from August 21.

The Law Lords also held that the Comptroller could include in licence terms a provision precluding or limiting imports of UK patented goods from a non-EEC country.

That ruling was made in the Gist-Brocades appeal and also a related dispute between Allen and Hanburys and Generics (UK) over the latter's right to import an asthma drug of which the UK patent is owned by Allen and Hanburys.

The Law Lords referred to the European Court of Justice a series of questions concerning the effect of EEC law on the import of patented goods and the granting of licences in respect of them.

Companies press for counterfeit crackdown

By Lisa Wood

NEARLY one in four of more than 50 manufacturing companies in London and the south-east of England are affected by counterfeiting, according to a survey published yesterday by the London Chamber of Commerce and Industry.

The electrical engineering and mechanical engineering sectors are most at risk, according to the survey submitted to the House of Lords select committee on the European Communities as part of the chamber's evidence on counterfeiting.

Companies in the survey favoured a change in the law to make it easier to recover damages from distributors of counterfeit goods as the best way to combat the problem. A fifth of the sample believed joint international initiatives could be effective and the preferred agencies for these were the International Chamber of Commerce and the EEC.

While Taiwan, India and Hong Kong were identified as major sources of counterfeit goods some respondents in the survey identified Britain and other countries in the EEC.

The cost to the companies compared was estimated by the chamber to be around £15m

The London chamber said the counterfeiting problem could be defined in various ways. For 18.3 per cent of the sample it related to counterfeit finished products and for 6.1 per cent to counterfeit components. Counterfeiting had caused about 16 per cent to lose sales, 11 per cent to have marketing problems and 4.1 per cent to have difficulties with the safety of products.

Companies said they had become aware of counterfeiting through marketing analyses, as well as customer complaints and the trade press.

Motor manufacturers braced for car sales boom month

BY KENNETH GOODING, MOTOR INDUSTRY CORRESPONDENT

BRITAIN'S "big three" car manufacturers are all predicting a leap in car sales this month as motorists rush to be the first to have the new 1984-85 registration plates on their cars. Each year the prefix letter on car number plates changes to indicate the year of manufacture. This year the prefix is the letter C.

The most optimistic prediction of high car sales this month comes from General Motors, the Vauxhall-Opel group, which forecasts 320,000 new cars will be registered. That would make August demand for C-registration cars bigger than that for-B-registration cars last year – when 303,552 cars were sold – but not as high as for A cars, of which 374,599 were registered in August 1983.

Ford's forecasters suggest that 303,000 cars will be sold this month, while Austin Rover, BL's subsidiary, reckons the total will be "over 300,000."

Most importers are equally optimistic. Only Nissan feels its rivals are getting over-excited. "The industry will be lucky to see more than 300,000 cars sold," it says.

Every company seems to have high stocks of cars ready for the August boom, anticipating the industry will make about 20 per cent of total 1984 sales in the month. So, if Nissan is right and demand does not live up to expectation, there could be short-time working at some UK car plants in the autumn and some importers desperately attempting to shift excess inventory later in the year.

GM says confidently that aims to take "17½ per cent to 18 per cent of the available business in August" – indicating it wants to sell at least 56,000 cars compared with 42,595 in August last year.

Ford expects to register 87,000 cars, the same as last year, which would give the company a 28.7 per cent market share. Austin Rover is coy about making its objectives known but would be disappointed not to achieve an 18 per cent share. That would involve 54,000 cars compared with 46,641 in August 1984, when the after-effects of an industrial dispute held back its sales.

Among the major importers, VAG, the Lonrho subsidiary which imports Volkswagen and Audi cars, says its August order book indicates it should sell 22,000 against 15,738 in the same month last year. Mr Peter Cover, sales and marketing director, maintains: "It is particularly gratifying to do this record level of business without having to resort to the ludicrous give-away tactics of some of our competitors."

In spite of his criticism, however, there is general agreement in the industry that the extra incentives being offered to dealers this year during the peak sales period to "move the metal" at all costs, are not as high as they were in 1984.

The major incentives battle appears to be between the Austin Montego, Vauxhall Cavalier and Ford Sierra.

Austin Rover dealers can collect an extra £675 on top of their normal margin of profit on some Montego models if they reach agreed sales targets. Similarly, there is an extra £350 available on soma Cavaliers and £250 on some Sierras.

But private buyers – not the fleet managers – dominate the August trade and most of them are looking for small cars. Nissan, for example, expects to do good business with the Micra and the special Maxima versions of the Cherry and Sunny.

Falling interest rates and the prospect of lower mortgage payments might also stimulate the August market later in the month. And it is certain some buyers will be driven by the desire to keep up with next-door neighbours with C-registered cars on their drives.

While most attention will be on new-car sales, August also leaves the motor trade with a high level of traded-in used cars to handle – but this is not expected to cause major problems.

Energy surplus drops by £1bn

BY DOMINIC LAWSON

BRITAIN'S energy balance of payments surplus fell by about £1bn to just over £5bn last year as a result of the miners' strike.

The 1985 digest of UK energy statistics, published yesterday, shows that the value of fuel exports exceeded that of imports by about £5bn in 1984, compared with the £6bn achieved in the previous year.

But for the rise in North Sea oil production, the gap would have been far wider. Last year crude oil exports exceeded 75m tonnes, worth more than £12bn. In 1983, the UK's oil exports were 68.3m tonnes, giving a £10.1bn boost to the UK's balance of payments.

The miners' strike required greater oil imports, rather than reduced exports, because the UK produces light crude oil rather than the heavy crude sold for use in power generation.

The Department of Energy estimates that the value of the UK's import bill for petroleum products rose last year by 69 per cent to £4.1bn. The Electricity Council and the Central Electricity Generating Board will today publish their reports for the last financial year, which will give the fullest breakdown to date of the costs of the pit strike.

Provisional statistics also published yesterday by the Department of Energy show that UK oil-use in the three months to June 1985 fell by over 21 per cent against the same period a year ago, during the miners' strike.

Coal production in the three months to June increased significantly to 24.6m tonnes, but that is still 5.3m tonnes less than in the same period in 1983.

Digest of UK Energy Statistics 1985; HMSO, £12.50 net.

Biotech venture proposals 'flood in'

PROPOSALS FOR investment in new biotechnology ventures are flooding in, mostly from the U.S., despite the cooling of stock market interest in high-technology ventures, says N. M. Rothschilds in the latest annual report of Biotechnology Investments Ltd. (BIL), its trust specialising exclusively in biotechnology shares.

Last year it received 76 proposals for investment, compared with 54 the year before, when alternative sources of funds were more freely available. Last year's proposals were of higher quality than in the early years of the four-year-old fund.

BIL has made its first two investments in medical technology, after a proposal from Lord Rothschild, its chairman, for extending the fund effectively into bio-electronics.

One is a British investment, where it has helped to reclaim for UK ownership a company started in Britain by G. D. Searle in 1978, then sold to the U.S.

Orange Medical Instruments (UK), in which BIL has 20.4 per cent of tha equity, specialises in biosensors, particularly for the continuous monitoring of oxygen and other gases in the blood of newborn or cardiac patients.

BIL and two other London venture capital groups, Advent and Grosvenor Developments, own about 60 per cent of tha company. Its other biomedical investment is Biomagnetic Technologies of La Jolla in California, specialising in images of the electrical activity of the brain.

Its novel method of brain-scanning, which reveals function rather than the structure disclosed in standard X-ray scans, is seen as a promising way of pinpointing epilepsy and other forms of brain damage of deterioration.

BIL's net assets increased by 17 per cent to $97.1m last year. About half of the increase is attributed to one U.S. investment, Applied Biosystems, which makes instruments widely used in genetic engineering.

☐ RAILWAYS face the threat of disruption next month over the pbased rundown of British Rail's own engineering workshops and plans to introduce driver-only trains. The National Union of Railwaymen (NUR) is balloting its members on strike action.

☐ RACE relations laws in Britain should be made tougher, says the Commission for Racial Equality. In a report to be sent to Mr Leon Brittan, the Home Secretary, the commission says ethnic minorities still do not have a fair cbance of employment and there is evidence that levels of discrimination are about the same as 10 years ago.

☐ HOME ownership has risen from 52 per cent to 59 per cent since the Conservative Government took over in 1979, according to a report published by the Office of Population Censuses and Survey. The 1980 Housing Act, which gave tenants of council-owned homes the right to buy their homes, has been largely responsible for the change.

☐ A £3.5m road-safety advertising campaign has been launched by Mrs Lynda Chalker, Minister of Transport. The campaign will run for a year.

☐ INDUSTRY is putting £112m a year into sponsoring sport, says the Sports Council. The sum represents 8 per cent of the total spent by industry on press and television advertising.

☐ WHISKY exports fell by 2 per cent in the first six months of this year compared with the same period last year, according to the Scotch Whisky Association.

The shortfall was largely caused by a drop in exports of bulk malt whisky to Japan.

Britoil offer

THE BRITOIL offer-for-sale document is published in today's UK edition of the Financial Times. The offer-for-sale closes on the morning of Thursday, August 8. Details, Page 24

Dockers block cargo for S. Africa

By John Lloyd, Industrial Editor

A COMPUTER-controlled milling machine was last night sitting on Southampton docks while its manufacturer and Southampton dockers took differing views of its suitability for export to South Africa.

The docker members of the Transport and General Workers' Union had refused to move the machine because they believed it to be in breach of the arms embargo.

Berox Machine Tool, the manufacturer of the machine, said in a statement issued from its Glamorgan manufacturing plant last night that the equipment – an 800 kv milling machine fitted with a Heidenhaim data system – "does not reach the level at which an export licence is required."

The statement, issued under tha name of Mr J. Beran, the managing director, says the "controls are freely available in South Africa." Neither Mr Beran, nor any other Berox executive, was available at the Glamorgan plant, the company's London office, or its registered office in Southampton.

However, Mr John Ashman, the Transport and General Workers' regional officer for the Southampton area, said be had documentary evidence that the machine, ordered by the Johannesburg company Fritz Wallaberger Machines, was to be passed on to Atlas Aircraft, a wholly owned subsidiary of Armscor, the South African Armaments Corporation, responsible for the maintenance and production of all military aircraft.

A passage in a letter from Wallaberger to Berox in Mr Ashman's possession reads: "We would request that nowhere in your letter or reference list or in any further correspondence is our customer's name to be mentioned." In his statement, Mr Beran denies that the buyer is Atlas Aircraft.

Customs officials inspected the machinery on the dock yesterday, but would make no comment afterwards. The Department of Trade and Industry said the export of production or maintenance machinery which might be used to produce or repair weaponry was a "grey area," but that the export of armaments was strictly banned following the United Nations embargo.

However, the embargo itself explicitly forbids the export of machine tools which could be used in weapons maintenance.

The union action could face a challenge under the provisions of the 1980 Employment Act, which renders unlawful all secondary action of this type. However, the Southampton Docks board was last night anxious to play down all suggestion that the dockers had been involved in any form of industrial action, or "blacking" of the cargo.

BA Jumbos to get £100m engine refit

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

BRITISH AIRWAYS will spend up to £100m refitting 12 of its older Boeing 747 four-engined Jumbo jet airliners with updated Rolls-Royce RB-211 jet engines, in place of U.S. Pratt & Whitney engines.

This will give the aircraft improved range (up to another 600 miles), with significantly reduced fuel consumption and lower maintenance costs.

Each refurbished aircraft will be able to fly up to 6,300 miles non-stop (sufficient for non-stop eastbound flights from London to Hong Kong or Singapore), enabling it to meet competition from Cathay Pacific Airways and Singapore Airlines on those routes.

At the same time, the Rolls-Royce engines in the 12 aircraft will save the airline up to £13m a year in reduced fuel charges.

The Rolls-Royce engines selected ere the latest version of the RB-211-524, the D-4 variant. They will be fitted to the oldest Boeing 747s in the fleet, which use the U.S. engines. Later BA aircraft are already fitted with Rolls-Royce engines.

At a later date, BA is expected to sell some of its oldest Boeing 747s and buy new ones. It has 29 in its fleet, and only 12 of these are being re-engined.

Some of the other 17 are younger aircraft, with many years of service life remaining. Others – perhaps as many as a dozen – will need to be replaced by the end of this decade, having by then been in service for 20 years.

BA is studying its likely replacement needs in terms of the number of aircraft involved, and timing of the necessary orders. If it finds it needs to buy up to 10 to 12 new aircraft, its replacement bill for Boeing 747 jets alone could run to more than $1bn.

● Air Wisconsin of the U.S., already a major user of the British Aerospace BAe 146 four-engined regional jet airliner, has ordered an eighth such aircraft, worth $16m, for delivery in April 1986.

Textile tariffs opposed

BY TOM LYNCH

THE GOVERNMENT does not believe in taking retaliatory action against countries that erect barriers to trade in textiles and clothing, Lord Lucas of Chilworth, the junior trade minister, told the House of Lords yesterday.

At Question Time on the last day of business before the summer recess, he acknowledged that Brazil had suspended the issue of import licences for clothes, but insisted: "There is no reason we should act in the same discriminatory and protectionist way."

He said the British textile and clothing industry had done "rather well." UK producers supplied 60 per ceot of the £10.5bn bome market, and exports in the first quarter of this year showed a 19 per cent improvement over the same period last yeer.

Lord Bruce of Donington, leader of the Labour group in the Lords, said Brazilian tariffs on clothing and textile imports were eight or nine times the level of British duties. Taiwan's duties were seven times the British level and South Korea levied three times as much.

Thatcher weighs options for reshuffling her Cabinet

BY PETER RIDDELL, POLITICAL EDITOR

BRITISH Cabinet changes in early September could involve a more extensive reshuffle than previously thought, although only two or three senior ministers look likely to be dropped from the Government entirely.

Mrs Margaret Thatcher, the Prime Minister, has already started holding meetings with affected ministers to discuss their future. Among those she has seen at Downing Street this week have been Mr Norman Fowler, the Social Services Secretary, and Mr Patrick Jenkin, the Environment Secretary.

It is thought that no final decision has yet beeo taken, but Mrs Thatcher apparently wants to consider the options during her holiday in Switzerland later this month. The most likely date for an announcement is still September 9 or 10, during the Social Democratic Party conference, after the Prime Minister's annual visit to see the Queen at Balmoral in Scotland during the previous weekend.

There had been indications that, apart from dropping a couple of senior ministers, Mrs Thatcher is thinking of shifting several ministers between portfolios.

There is no intention of repeating the "night of the long knives" of summer 1962 when a third of the Cabinet was sacked by the then Premier, Mr Harold Macmillan, but Mrs Thatcher is being advised thet it will be desirable to shift several middle-ranking Cabinet ministers between jobs, especially those who have been in their existing posts for some time.

The argument is that such changes might give a fresber look to the Government and that some departements, and some ministers, would benefit from such switches, as happened in 1961. This is apart from the two or three likely promotions to the Cabinet.

In particular, there is now a growing impression at the Department of Health and Social Security that Mr Fowler will be moved after four years as Social Services Secretary, leaving someone else to implement his Social Security review in a major Bill in the next parliamentary session.

Moreover, it now looks increasingly possible that Mr Patrick Jenkin may remain in the Government, while being shifted from the Department of the Environment where he has had a controversial two years.

The minister most likely to be dropped entirely is Mr Peter Rees, the Chief Secretary.

TV journalists to strike over terrorist film

BY RAYMOND SNODDY

BBC TELEVISION journalists yesterday voted to strike for 24 hours over a decision by BBC governors not to show a documentary film on terrorism in Northern Ireland.

All BBC televison members of the National Union of Journalists are being asked to strike next Wednesday – the day the film featuring Mr Martin McGuinness, the suspected IRA laader, was due to bave been shown. The governors' decision was taken after pressure from the Government.

A resolutioo passed by journalists expressed lack of confidence in the board of governors and called on Mr Stuart Young, the BBC chairman, to resign.

The moves came as Mr James Hewthorne, controller of BBC Northern Ireland for the past seven years, first offered his resignation over the affair and theo had second thoughts.

Mr Hawthorne said last night he was reconsidering because of assurances thet the way the BBC covered Northern Ireland would not alter.

Pressure put on the BBC by Mr Leon Brittan, the Home Secretary, drew increasiog criticism yesterday.

The Association of British Editors said the BBC bad handed the IRA "one more victory in the propaganda war" and bad shown weakness and "a betrayal of its own best traditions."

Mr Gerald Kaufman, shadow Home Secretary, said he would be seeking a meeting with Mr Young to express his concern.

Mr Brittan had told the BBC that it would be "contrary to the national interest" for a film featuring an interview with one of the alleged beads of the IRA to be shown. He had made the request without having seen the film or a transcript

Speaking on BBC radio yesterday, Mr Brittan denied that he had tried to censor the BBC. He said he "respected and supported passionately the constitutional independence of the BBC to take its decisions," but the Home Secretary like all other citizens, was entitled to put his opinions on programmes to the BBC.

It became clear last night that most members of the board of governors, who met for seven hours on Tuesday to discuss the film, did so believing that the programme should go ahead without alteration.

The board of management team led by Mr Michael Checkland, the deputy director general, proposed that the programme could have a statement before it explaining the context and a discussion after on whether puhlicity really did give oxygen to terrorists, as claimed recently by Mrs Margaret Thatcher, Prime Minister.

Mr Young was sympathetic to such an approach. Views changed, however, after the 45-minute programme was shown to the governors. "I was definitely shaken by the film. Terrorism was being shown as merely an alternative life style," said a governor who asked not to be named.

"What we thought was wrong with it was the fact that it was made from a position of moral neutrality," said the governor.

"Most of us would have been only too pleased to say 'boo' to the Government on such an issue, but we decided it was a moral question."

When Mr Young started to take soundings, he turned first to his deputy chairman, Sir William Rees Mogg, former editor of The Times. Sir William said the programme should not go out in its preseot form.

All the other governors voted to support this view with the exception of Mr Alwyn Roberts, the governor for Wales, who was the only one of 11 governors present to support the board of management.

Sir John Boyd, former general secretary of the Amalgamated Union of Engineering Workers, was not present.

Editorial comment, Page 12

Deadline passes for Lloyd's £130m wealth test for underwriters

BY JOHN MOORE, CITY CORRESPONDENT

MORE THAN 1,500 underwriting members of Lloyd's the London insurance market were deciding yesterday if they should show they have enough wealth to meet insurance losses of £130m.

The Lloyd's authorities set yesterday as the deadline for the underwriters to show they could meet their insurance liabilities. The members, whose affairs were managed by agency interests of Minet Holdings, the insurance broker, faced large insurance losses on top of allegations that £40m of their funds had been misappropriated by former agency executives.

Management of the underwriters' affairs is passing to an independent agency – Additional Underwriting Agencies No. 3 – financed by Lloyd's and headed by Sir Ian Morrow. The move follows Minet's decisioo to close its Richard Beckett agency, which managed the members' affairs, in the wake of the insurance losses.

Lloyd's has warned that unless the underwriters show they have enough wealth to meet their insurance liabilities they will be suspended from underwriting.

But Sir Ian Morrow has warned the underwriting members that he intends to operate a more conservative accounting policy in the calculatioo of the losses. The changes he intends "ought to be borne in mind when deciding whether or not to meet the present solvency requirements."

Lloyd's had expected most of the 1,525 underwriters to meet the solvency requirements. But the warning by Sir Ian Morrow bas prompted members to explore whether they need to meet the requirements. Discussions are taking place with lawyers and there is likely to be an attempt by those who have already passed the "solvency test" to unscramble the process while they find out the full extent of the underwriting losses.

Lloyd's ruling council meets next week and will consider the latest developments. If any underwriter does not meet the solvency requirements, money will be "earmarked" from a central fund of last resort in the market – which stands at £167m. The money from the fund will be used to protect the interests of Lloyd's policyholders and to meet insurance claims.

But Lloyd's is not anxious to suspend any underwriter over this affair as the members are planning an extensive programme of litigation.

Lloyd's also does not intend to pursue members into bankruptcy if they default.

'Costa del Dole' rule declared illegal

By Robin Pauley

THE GOVERNMENT'S new rules aimed at preventing the young unemployed from staying in bed and breakfast accommodation for more than e few weeks were declared illegal by a High Court judge yesterday.

Mr Justice Mann ruled that Mr Norman Fowler, Social Services Secretary, had no powers to introduce the regulations which forced young people aged between 16 and 25 to leave their lodgings after a few weeks and move to a different area, or have their benefit payments cut.

The regulations were introduced on April 29, partly because the Government wanted to act against "Costa del Dole scroungers" who were reported to be moving to the seaside at the expense of the Department of Health and Social Security and holidaying while supposedly looking for work.

Yesterday's ruling was on a test case brought by a 22-year-old unemployed man from Liverpool, who said the rules would turn him "one of the army of rootless unemployed."

The department is expected to appeal against the ruling.

City revolution spurs jobs shake-up in securities industry

BY OUR CITY CORRESPONDENT

A WAVE of staff defections and recruitments among British securities companies surfaced yesterday in one of the biggest personnel upheavals in the financial services revolution taking place in the city of London.

Developments included:

- The entire Channel Islands staff of stockbroker Sheppards and Chase is set to join stockbroker James Capel.
- Three market makers of Akroyd & Smithers are leaving. Mr Phillip Cole, a market maker in the stores sector is joining Wood Mackenzie, along with Mr Harry Hawkes another experienced Akroyd dealer. Mr Peter Brown, a market maker in the investment trust sector, is joining James Capel.
- Mr Kevin McGivern, a salesman in British Government securities with hroker Hoare Govett, is joining Barclays de Zoete Wedd, the securities operations of Barclays Bank.
- Mr Richard Brewer, a manager in the treasury department of Hill Samuel, the merchant bank, is joining the new securities operations which is being created by stockbroker W. Greenwell, Midland Bank and Samuel Montagu.

The details emerged yesterday as rumours suggested that there would be other departures from Wedd Durlacher Mordaunt, one of Britain's largest market makers which is merging with Barclays Bank.

Earlier this week Mr Richard Doran, e dealing partner with Wedd, resigned to join James Capel, to help to run their "block trading" operations. Wedd yesterday quashed suggestions that other departures were imminent.

The biggest surprise of the day was the defection of the Channel Islands staff of stockbroker Sheppards and Chase.

Earlier this year Banque Arabe et Internationale d'Investissement (BAII), the Luxembourg-based consortium bank, acquired a 29.9 per cent stake in Sheappards and Chase.

It intends to acquire 100 per cent control of the broker once Stock Exchange rules on outside ownership are relaxed.

Mr John Wilson, senior partner of Sheppards and Chase, said yesterday that it was the intention to maintain the firm's stockbroking and international bond presence on both Guernsey and Jersey "backed by the resources of BAII."

He said that all the staff in the Channel Islands operations "may well all go and we may have to restaff."

In the move, Mr Alan Corbin, who heads up the operations in the Channel Islands, and the staff are set to join the operations of James Capel in the same area. This is expected to bring Capel's staff up to around 27 in this field. They are expected to join in September.

The other surprise was the move by a Hoare Govett staff member to Barclays de Zöete Wedd. So far, Hoare Govett has been one of the more settled securities houses and has attracted staff from leading market makers such as Akroyd & Smithers.

In the City of London yesterday it was suggested that Mr McGivern, aged under 30, a salesman of government securities with Hoare Govett, was receiving a six-figure "Golden Hello" or transfer fee for signing on with the Barclays securities operations. It was said that he was being offered a partnership which could be worth up to £200,000.

Barclays Bank has been considering taking legal steps against defectors from Wedd Durlacher Mordaunt.

- Hoare Govett is acquiring the Scottish stockbroking firm of Campbell Neill & Co. The acquisitioo of the broker, which has eight partners and a total staff of over 70, is designed to increase Hoare Govett's private client business.

UK ECONOMIC INDICATORS

ECONOMIC ACTIVITY—Indices of industrial production, manufacturing ontput (1980=100); engioeering orders (1980=100); retail sales volume (1978=100); retail sales value (1980=100); registered unemployment (excluding school leavers) and unfilled vacancies (000s). All seasonally adjusted.

	Indl. prod.	Mfg. output	Eng. order	Retail vol.	Retail value*	Unemployed	Vacs.
1984							
2nd qtr.	102.4	100.4	107	110.2	130.1	3,026	154.0
3rd qtr.	102.3	101.3	106	111.1	133.3	3,076	165.1
4th qtr.	103.4	101.2	104	113.6	164.0	3,103	166.5
December	103.8	101.9	105	115.6	194.9	3,108	161.3
1985							
1st qtr.	104.9	101.3	102	112.6	133.9	3,138	157.5
2nd qtr.				114.9		3,174	169.5
January	104.0	100.1	98	111.6	134.4	3,124	157.2
February	104.2	101.0	107	112.0	130.2	3,144	156.1
March	106.4	102.7	102	113.8	136.5	3,147	159.2
April	106.7	101.1	87	114.1	140.3	3,176	166.7
May	107.8	100.9		114.6	142.0	3,177	167.1
June				116.1		3,170	174.8

OUTPUT—By market sector; consumer goods, investment goods, intermediate goods (materials and fuels); engineering output, metal manufacture, textiles, leather and clothing (1980=100); housing starts (000s, monthly average).

	Consumer goods	Invst. goods	Intmd. goods	Eng. output	Metal mnfg.	Textile etc.	Housg. starts*
1984							
1st qtr.	100.5	95.7	110.2	98.0	113.8	96.6	16.2
2nd qtr.	101.6	96.8	105.5	98.8	107.6	97.7	18.0
3rd qtr.	102.0	97.7	104.6	100.2	119.8	98.2	16.2
4th qtr.	102.5	98.3	106.1	99.7	107.3	99.4	13.3
November	102.0	98.0	106.0	100.0	107.0	99.0	13.9
December	103.0	100.0	106.0	101.0	109.0	100.0	9.5
1985							
1st qtr.	101.7	100.1	108.5	101.2	108.0	97.9	13.8
January	101.0	98.0	108.0	99.0	104.0	97.0	11.7
February	102.0	100.0	108.0	101.0	108.0	98.0	13.2
March	102.0	103.0	110.0	103.0	113.0	99.0	16.6
April	101.0	100.0	112.0	101.0	112.0	97.0	17.9
May	101.0	101.0	114.0	101.0	109.0	97.0	19.9

EXTERNAL TRADE—Indices of export and import volume (1980=100); viable balance; current balance (£m); oil balance (£m); terms of trade (1980=100); excluding reserves.

	Export volume	Import voluma	Visible balance	Current balance	Oil balance	Terms trade	Resv. US$bn*
1984							
1st qtr.	108.7	112.1	− 57	+966	+2,322	97.3	16.75
2nd qtr.	109.1	119.7	−1,228	−203	+1,543	97.3	15.51
3rd qtr.	109.9	122.7	−1,643	−512	+1,804	97.2	15.26
4th qtr.	119.7	129.1	−1,327	+373	+1,468	96.8	15.52
December	121.4	129.5	−344	+ 47	+743	96.6	15.69
1985							
1st qtr.	120.5	128.5	−1,347	+123	+1,862	96.2	14.80
January	118.2	121.2	− 86	+402	+926	96.5	15.52
February	123.6	127.5	−263	+207	+675	95.9	15.35
March	119.6	136.8	−999	−486	+260	96.3	13.53
April	121.5	129.7	−377	+223	+684	97.0	14.03
May	121.4	120.8	+224	+724	+835	96.0	13.98
June	118.1	126.6	−243	+257	+842	98.8	14.32

FINANCIAL—Money supply M0, M1 and sterling M3, bank advances in sterling to the private sector (three months' growth at annual rate); building societies' net inflow; HP, new credit; all seasonally adjusted. Clearing Bank base rate (end period).

	M0 %	M1 %	M3 %	Bank advances %	BS inflow £m	HP landing £m	Base rate %
1984							
1st qtr.	4.1	10.1	6.2	13.6	2,609	2,874	8.50
2nd qtr.	4.6	24.5	11.1	18.9	1,795	2,876	9.25
3rd qtr.	5.3	10.2	6.3	9.9	1,628	2,813	10.50
4th qtr.	9.6	24.3	13.4	16.9	2,492	2,946	9.63
December	12.2	27.2	12.1	22.4	1,004	972	9.63
1985							
1st qtr.	2.2	0.7	9.1	15.2	1,511	3,146	13.05
2nd qtr.	5.1	32.4	19.9	19.2	1,523		12.50
January	5.0	9.0	13.6	16.3	823	1,168	14.00
February	3.1	− 5.0	4.6	13.3	474	1,013	14.00
March	− 1.3	− 1.2	9.2	16.0	214	965	13.50
April	5.4	22.2	18.8	19.5	507	1,057	12.63
May	4.2	33.2	19.4	17.7	615	1,038	12.63
June	5.7	44.6	23.8	20.2	401		12.50

INFLATION—Indices of earnings (Jan 1980=100); basic materials and fuels, wholesale prices of manufactured products (1980=100); retail prices and food prices (1974=100); FT commodity index (July 1952=100); trade weighted value of sterling (1975=100).

	Earnings*	Basic matls.*	Whsele. mnfg.*	RPI*	Foods*	FT* comdty.	Strlg.
1984							
2nd qtr.	155.9	134.3	132.0	350.9	329.1	305.06	79.8
3rd qtr.	159.6	134.1	132.8	353.9	326.8	288.95	78.0
4th qtr.	164.1	140.1	134.3	358.3	326.8	289.64	74.1
December	165.3	143.4	134.9	358.5	327.6	289.64	74.1
1985							
1st qtr.	165.4	146.2	136.8	362.9	332.8	296.22	72.0
2nd qtr.		139.0	139.4	375.3	339.4	278.13	78.9
January	163.4	145.2	135.9	359.8	330.6	296.98	71.5
February	164.6	147.8	136.8	362.7	332.5	295.73	71.3
March	168.1	145.5	137.5	366.1	335.4	295.22	73.3
April	169.4	140.8	139.2	373.9	338.8	295.08	78.0
May	169.5	135.8	139.5	375.6	339.3	279.98	78.7
June		137.3	139.6	376.4	340.1	278.13	79.9

* Not seasonally adjusted.

TODAY WE'RE CREATING A NEW JOB IN BRITAIN FOR EVERY WORD ON THIS PAGE.

Today, while most producers of microchips are making savage cutbacks, it's ironic that Digital are announcing plans to spend £82 million on building their largest microchip plant outside the US.

And the good news is we're building it in Britain.

DIGITAL WHO?

For those of you who are not familiar with the name Digital except in connection with mass produced watches here are a few salient facts.

1. We are called Digital Equipment Corporation (DEC to our friends).

2. We don't make watches.

3. We are the largest manufacturer of minicomputers in the world.

4. We are the world's second largest computer company.

WHAT ARE WE DOING IN BRITAIN?

If we told you that when we were considering where to build our new plant the main things that attracted us to Britain were (a) the education system and (b) the weather, you'd probably think we weren't being entirely serious.

But the fact is, when it comes to technological expertise in the fields of electronics, physics and chemistry, Britain and in particular, the Edinburgh area are very hard to beat.

Although the Scottish climate may not always be ideal for beach barbecues, with the thousands of gallons of water needed by our plant it is absolutely perfect for us. (We should add that we will be returning the water in question to the Forth river cleaner than it was when we took it out.)

There are other reasons for choosing Edinburgh, of course – its beauty and its cultural life make it an attractive proposition for the top people we need.

Edinburgh was also chosen from several potential locations worldwide because of the highly developed silicon chip industry in Scotland which is able to supply raw materials, components and equipment. In effect our Scottish plants will be able to turn sand into computers.

Our new plant is close to our plant at Ayr which was established in 1976. In fact, most of the new plant's output will go to Ayr where the chips will be made into integrated circuits for export worldwide.

Furthermore, although DEC is an international company with offices in 48 countries we are heavily committed to Britain. So much so that the British operation is second in size to the parent company in the US.

Worldwide DEC's turnover last year was $5.6 billion and in the UK it was £303 million.

We set up our first office in the UK in 1964 and now have 13 branches across the country.

We built the plant at Ayr twelve years later and two years ago set up DEC's first research and development centre outside the US. It employs 300 engineers and designers.

Our new plant in Edinburgh will represent Digital's first microchip manufacturing plant in the UK (and outside the US).

HOW IT ALL STARTED.

If our achievements in this country were unknown to you until now, what may come as some surprise is that Digital are acknowledged in the computer industry as the pioneers of computing as we know it today.

Back in 1957, when a computer was a room sized monolith that cost millions of pounds and needed a sterile air conditioned chamber to live in, Ken Olsen set out to make a smaller, cheaper and easier to use computer for the mass market. His company Digital Equipment Corporation, gave birth to a revolution by developing the first mass produced minicomputer.

By the 1970's companies were distributing minicomputers throughout their operations rather than concentrating their data processing in one mainframe machine. DEC lead the way and today we are the largest minicomputer company (and currently, the second largest computer manufacturer) in the world, with a turnover exceeding $5.6 billion.

WHERE WE ARE TODAY.

DEC first came to public notice in 1960 when we made the first commercially available computer system to offer an 'interactive video display' so that when you asked the computer a question it answered immediately on the screen.

Today our computers touch on practically every area of life in Britain.

Every university in Britain has at least one DEC computer as does every major bank in the City.

Most of our customers are household names ranging from car manufacturers, insurance companies to oil companies and government departments.

But although Digital has always been known for producing some of the most innovative products on the market, it is also significant that we now offer the broadest range of computer products and services in the industry, ranging from chips costing just a few pounds to large networked systems worth many millions.

WHY COMPUTERS SHOULD WORK TOGETHER.

Today when we sit down to design a new piece of computer equipment, the first question we ask is how it will work with our existing equipment and how will it grow with the systems we create tomorrow.

Our VAX family of computers, for instance, is unique in the industry for providing complete compatibility from the desk sized MicroVAX II right up to clusters of VAX 8600s capable of running a major steel mill (for instance).

It's a simple principle but sadly not one every computer manufacturer shares.

We say sadly, because we believe whole-heartedly that all computers made by all companies should be designed to work together and we have already pledged our firm support to Open Systems Interconnect (O.S.I.) whose objective is to promote and establish international standards of computer networking.

HOW WE GET THE PEOPLE WORKING TOGETHER.

At the risk of seeming arrogant we like to think that the way we work as a company is as innovative as some of the products we produce.

We believe that today too many big companies are hung up on structure.

As a result, too many individuals are frustrated by internal structures, politics, and job titles.

Therefore at Digital we favour a much looser structure where job titles are kept to a minimum and communication is at a maximum.

We like to hand out responsibility as early as possible in the belief that you learn quicker that way.

Indeed, we believe no one can reach their true capacity by taking small safe steps so we encourage people to take a bold path right from the start.

We also believe that anyone, however inexperienced, can have a good idea and if they do we give them the opportunity to implement it rather than snatch it away from them.

And by the same token we prefer to give people the flexibility to change jobs within the company whenever they feel they are stagnating rather than let them become frustrated with what they are doing.

But while we're on the subject of jobs it's time to return to the emotive statement that we started this advertisement with.

HOW MANY JOBS ARE WE TALKING ABOUT.

Currently Digital employ 89,000 people all over the world and 4,300 in Britain.

But last year our turnover in this country grew by a staggering 44% which means that, quite apart from our new plant in Edinburgh which will spawn 400 new jobs shortly, we will also be creating a further 800 jobs throughout the UK this year.

Making a total count of nearly 1,300 new jobs in Britain. And that, as they say, is our final word. (For this year.)

digital

THE WORLD'S SECOND LARGEST COMPUTER COMPANY.

MEDICAL CARE

Cost-cutting fever raises interest in small U.S. health groups

BY ANDREW BAXTER

THE RECENT three-cornered bid battle for American Hospital Supply, the largest U.S. distributor of health care products, has refocused attention on a rapidly changing, fast-growing industry which has brought rewards to investors on both sides of the Atlantic.

Wall Street's cohorts of health care analysts were given plenty to chew over as first Hospital Corporation of America (HCA) announced an agreement to merge with AHS—to form the largest health care concern in the U.S.—and then Baxter Travenol Laboratories, the health care products group, submitted a counterbid for AHS, winning the bettle on July 15 with a $3.8bn offer.

Hospital management companies such as HCA, Humana and National Medical Enterprises have figured heavily in the investment portfolios of European-based funds as the growth of private health care in the U.S. has brought hefty rises in profits and share prices.

But eway from the heavyweights of the industry are e myriad of small companies with names like Sunrise Medical, Medicine Shoppe International and Mental Health Management, all with products and services aimed at carving a niche in a $400bn industry or exploiting the new emphasis on controlling costs.

This emphasis, prompted by the Reagan Administration's attempts to rein in on welfare spending, has spread to hospitals, suppliers and employers—a group mindful of the famous remark by Lee Iacocca, the Chrysler chief, that more health care than steel goes into each new car rolling off the production lines.

With one third of U.S. hospital beds empty, it would be natural for investors to look away from the big hospital management companies to other parts of the industry. The problem, however, for the individual investor is how to find out about companies too small to interest Wall Street.

Estimates suggest that large health care companies are each trailed by an average of 27 analysts, compared with just two for emerging companies in the sector. Meanwhile, average institutional ownership of the smaller companies is put at 13 per cent against 53 per cent for their big brothers.

Mr Robert Bradley, vice-president for marketing at Citicare, a mutual fund for non-U.S. investors, says that in the case of the large health care groups "it is almost impossible for someone to spot something new." On the other hand the turmoil created by the technological and financial changes in the market place offered good opportunities for investors in smaller companies.

Citicare, launched in 1983, operates under the wing of Citicorp, the world's biggest banking group. It is one of a few funds, including Alliance Health Care and Putnam Emerging Health Science, set up to help individuals and institutions outside the U.S. spot winners, while reducing the risks inherent in investing in small companies. Other funds offer s similar service to U.S. investors.

Citicare's strategy since inception has been to bet on companies likely to take advantage from demographic change, especially the phenomenon of an increasingly ageing population, or from the pressures caused by cost controls, in particular the so-called Diagnostic Related Groups system of fixed reimbursement to hospitals for treating Medicare patients for 467 specific diseases. This was introduced in late 1983.

This strategy has led both to a strong emphasis on nursing homes and to so-called Health Maintenance Organisations (HMOs) which help employers reduce health insurance costs by taking the commitment off their hands for a fee and then making "block bookings" for hospital beds. Citicare bet heavily on this sector, where share prices doubled in the fund's first year, with one HMO, Maxicare, proving one of the fund's best performers.

Other favoured sectors have included companies with products helping to bring early diagnosis, and hospital information system suppliers, which have benefited from hospitals, need to know what is going on in order to keep a tight lid on costs.

However, the fund has steered relatively clear of biotechnology, due, says Citicare, to excessive valuations of companies with no foreseeable earnings, and has avoided most medical technology concerns, the products of which hospitals could delay purchasing in order to save money.

Mr Bradley stresses that Citicare is not against technology, "but you've got to buy et the right time." In fact two of Citicare's biggest mistakes have come on the technology side, proving that even the professionals can go wrong.

One company, Healthdyne, offered an alarm system aimed at preventing cot deaths, while the other, Electro-Biology, produced an electro-magnetic fracture healer. Shares in both companies are languishing way below peak levels as, for differing reasons, market confidence evaporated as fast as it grew.

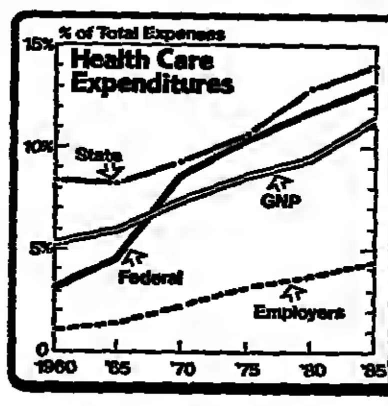
With so many companies to keep tabs on, Citicare believes mistakes are inevitable, but overall performance is more important. Shares in Citicare now stand at about $14, up $4 from the initial price. The fund was unfortunate to begin with while the U.S. market was still coming off a high and, despite cautious investment at first, shares were down to $9 in spring 1984. A gradual recovery followed, with a big spurt coming in the first months of 1985 as smaller capitalisation stocks outperformed the market.

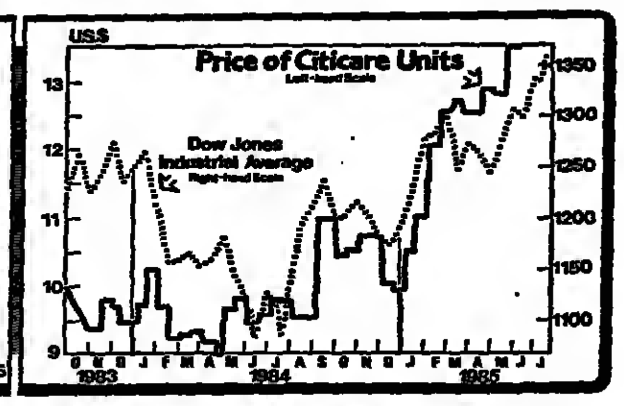
To put the performance in perspective, the total return since launch stood at 28.3 per cent at the end of February. This compares with a 23.4 per cent fall in the Hambrecht & Quist Technology Index and a 13 per cent rise in the Dow Jones Industrial Average over the same period. Citicare's total return to date, including a dividend, is close to 40 per cent.

While investment strategy is the main reason for the performance tactics play a part too. One of the most important has been participation in a company's initial public offering, allowing money to be made if the shares trade later et a premium, as has often happened. A second has been to invest in companies where takeover ettempts are a reasonable possibility. Acquirers, particularly European companies, are often prepared to pay handsomely to capture a company with e promising niche or product.

Citicare intends to stick broadly with its present strategy, but other funds ere ploughing different furrows. Fidelity Select Health Care, for example, was among the stars of the U.S. equity mutual fund scene in the second quarter of 1985 after betting heavily on generic drug company shares.

With new products and services emerging all the time, the funds will have plenty of opportunities to spot new winners—and sustain a few mishaps—as the upheavals in the U.S. health care industry continue.





Legal Notices

No. 004138 of 1985
IN THE HIGH COURT OF JUSTICE
CHANCERY DIVISION
Re: HENRY ANSBACHER HOLDINGS PLC
AND THE COMPANIES ACT 1948

NOTICE IS HEREBY GIVEN that the Order of the High Court of Justice (Chancery Division) dated the 15th day of July 1985 confirming (inter alia) the reduction of the capital of the above-named Company from £19,807,951.83 to £1,500,000 and the Minute approved by the Court showing with respect to the capital as altered the several Particulars required by the above-named Act were registered by the Registrar of Companies on the 29th day of July 1985.

Dated the 29th day of July 1985.
LINKLATERS & PAINES.
Solicitors to the Company.

IN THE MATTER OF
THE COMPANIES ACT 1985
AND
LADY YOUNG FASHIONS LTD.

NOTICE IS HEREBY GIVEN Pursuant to Section 588 of the Companies Act, 1985 that a MEETING of the CREDITORS of the above-named Company will be held at the offices of Single & Co., Chartered Accountants, 35, New Broad Street, London EC2M 1NH, on Monday 12th August 1985 at 2.30 p.m. for the purposes mentioned in Sections 589 and 590 of the Said Act.

Dated this 24th July 1985.
By Order of the Board.
S. ALI.
Director.

IN THE MATTER OF
THE COMPANIES ACT 1985
AND
ESSEXGATE LIMITED

NOTICE IS HEREBY GIVEN Pursuant to Section 588 of the Companies Act, 1985 that a MEETING of the CREDITORS of the above-named Company will be held at the offices of Single & Co., Chartered Accountants, 35, New Broad Street, London EC2M 1NH, on Friday 9th August 1985 at 2.30 p.m. for the purposes mentioned in Sections 589 and 590 of the Said Act.

Dated this 24th July 1985.
By Order of the Board.
R. ANGELL.
Director.

IN THE MATTER OF
THE COMPANIES ACT 1985
AND
OMNI STORES (SOUTH EAST) LTD.

NOTICE IS HEREBY GIVEN Pursuant to Section 588 of the Companies Act, 1985 that a MEETING of the CREDITORS of the above-named Company will be held at the offices of Single & Co., Chartered Accountants, 35, New Broad Street, London, E.C.2, on 9th August 1985 at 2.30 p.m. for the purposes mentioned in Sections 589 and 590 of the Said Act.

Dated this 24th July 1985.
By Order of the Board.
R. ANGELL.
Director.

Art Galleries

AGNEW GALLERY, 43, Old Bond St., W1. 01-629 6176. YOUNG ARTISTS AT AGNEW Until 28 August. Mon.-Fri. 9.30-5.30. Thurs. until 6.30.

MALL GALLERY, SW1, Nr. Admiralty Arch THE PASTEL SOCIETY. 10-5 Daily 10-4 Sat. to August 3rd.

ALLANS—HAND EMBROIDERED SILK PICTURES make the most delightful, different and inexpensive gifts. From as little as £2.50 unframed. Lower Ground Floor. Allans Famous Silk Shop, 56-65, Duke Street, Grosvenor Square, London SW1M 6HS. 9-6 Mon.-Fri., 9-1 Sat.

Clubs

EVE has outlived the others because of a policy of fair play and value for money. Supper from 10-3.30 am. Disco and top musicians, glamorous hostesses, exciting floorshows, 189, Regent St. 01-734 0557.

Company Notices

NOTICE OF REDEMPTION
MAFINA B.V. US$40,000,000 8% BEARER COUPON GUARANTEED BONDS DUE 1987

NOTICE IS HEREBY GIVEN, that pursuant to the Terms and Conditions of the Bonds US$8,000,000 principal amount of said Bonds have been drawn for redemption in the presence of a Notary Public on 22nd July 1985 by Hill Samuel & Company Limited.

The serial numbers of Notes drawn in lots of ten consecutively numbered are as follows:—

0021-0030	1091-1100	2871-2880	5521-5530	6681-6690
0051-0060	1121-1130	2921-2930	5541-5550	6691-6700
0071-0080	1181-1190	2981-2990	5601-5610	6741-6750
0091-0100	1191-1200	3031-3040	5621-5630	6751-6760
0111-0120	1231-1240	3101-3110	5661-5670	6791-6800
0141-0150	1271-1280	3141-3150	5701-5710	6821-6830
0171-0180	1321-1330	3211-3220	5741-5750	6831-6840
0221-0230	1371-1380	3251-3260	5781-5790	6851-6860
0241-0250	1431-1440	3311-3320	5821-5830	6871-6880
0271-0280	1481-1490	3381-3390	5841-5850	6911-6920
0301-0310	1541-1550	3431-3440	5901-5910	6941-6950
0321-0330	1561-1570	3481-3490	5941-5950	6951-6960
0361-0370	1611-1620	3541-3550	5971-5980	6971-6980
0381-0390	1661-1670	3601-3610	6001-6010	7001-7010
0401-0410	1731-1740	3661-3670	6031-6040	7021-7030
0431-0440	1771-1780	3701-3710	6061-6070	7041-7050
0451-0460	1891-1900	3751-3760	6081-6090	7071-7080
0461-0470	1941-1950	3811-3820	6121-6130	7111-7120
0491-0500	1991-2000	3861-3870	6131-6140	7171-7180
0521-0530	2041-2050	3921-3930	6181-6190	7191-7200
0551-0560	2101-2110	3981-3990	6271-6280	7241-7250
0561-0570	2151-2160	4041-4050	6311-6320	7281-7290
0591-0600	2181-2190	4111-4120	6331-6340	7361-7370
0601-0610	2221-2230	4171-4180	6371-6380	7411-7420
0621-0630	2331-2340	4241-4250	6421-6430	7431-7440
0641-0650	2421-2430	4281-4290	6471-6480	7461-7470
0661-0670	2441-2450	4361-4370	6491-6500	7481-7490
0701-0710	2501-2510	4411-4420	6551-6560	7511-7520
0731-0740	2571-2580	4521-4530	6591-6600	7551-7560
0741-0750	2611-2620	4741-4750	6621-6630	7701-7710
0781-0790	2721-2730	4841-4850	6651-6660	7741-7750
0981-0990	2791-2800	4931-4940	6671-6680	7831-7840

The Bonds redeemed will be paid at the principal amount thereof, together with accrued interest to 1st September 1985. On and after 1st September 1985 interest shall cease to accrue on the Bonds drawn for redemption.

1st August 1985.

NOTICE OF REDEMPTION
ARDAL og SUNNDAL VERK a.s. US$1,500,000 8½% NOTES DUE 1992

NOTICE IS HEREBY GIVEN, that pursuant to the Terms and Conditions of the Notes US$1,500,000 principal amount of said Notes have been drawn for redemption in the presence of a Notary Public on 22nd July 1985 by Hill Samuel & Company Limited.

The serial numbers of Notes drawn in lots of ten consecutively numbered are as follows:—

0001-0010	0421-0430	1011-1020	1501-1510	2131-2140
0051-0060	0491-0500	1091-1100	1571-1580	2391-2400
0101-0110	0591-0600	1171-1180	1661-1670	2601-2610
0141-0150	0711-0720	1261-1270	1821-1830	2701-2710
0221-0230	0781-0790	1311-1320	1991-2000	2781-2790
0301-0310	0941-0950	1351-1360	2061-2070	2851-2860

The Notes redeemed will be paid at the principal amount thereof, together with accrued interest to 15th September 1985. On and after 15th September 1985 interest shall cease to accrue on the Notes drawn for redemption.

1st August 1985.

THE ARTS

Munich Festival/David Murray

Haunting score for Ionesco's king

One of the great things ebout tho Bavarian State Opera—and one which even at Festival time ia never submerged beneath the waves of guest stars—is that it remains a *company*, an operatic family whose members can be heard over decades as they grow from Third Maidens to Leonoras and decline gracefully into grandparent and duennas. Nothing is so loyalty-inducing, and it means that Munich can muster a row of seasoned Mastersingers, or a clutch of crusty Cardinals for Pfitzner's *Palestrina*, who havo the collective patina and the natural idiosyncrasies of a permanent troupe. Where else can you count upon tho likes of Astrid Varnay turning up as the Wardrobe Mistress in *Lulu*, or Fritz Uhl as the Bodyguard in Heinrich Sutermeister's new *Le Roi Bérenger?*

Sutermeister is beyound doubt the doyen of Swiss composers (he turns 75 this month). His musical language ia very much that of Frank Martin, if you want to place him, but he has always been more specifically a *German* Swiss, not French nor one of those urbane straddlers of the two major languages. His *version of Ionesco's Le Roi se meurt*, premièred last week, is set in his own German translation. Though short (*70 minutes* without an interval), its composition has been a long labour of love: for a venerable composer, the choice of piece is most gracefully *convenable*—sorry, *geeignet*—and Sutermeister has justified it with a score that is self-effacingly faithful and gently haunting.

London theatregoers may remember Alec Guinness in "The King Must Die" 20-odd years ago. The play belongs to a later Ionesco than the theatre-of-the-absurd virtuoso who scintillated in the 1950s, and is still a staple of student drama festivals. Like *Piétons dans l'air* and *Tueur sans gages*,

'Sutermeister is the doyen of Swiss composers'

Le Roi so meurt postdates the time when Britain took much notice of Ionesco. His Continental reputation has not flagged, and *Le Roi se meurt*—the title implies dying as a formal, doliberate act—is a vintage product of tha later, straighter Ionesco, without the disguises of jokey inconsequence and verbal logic-chopping.

Other Ionesco plays establish "Bérenger" as his Everyman. In this one, all that Bérenger has to do is to dio (his kingdom has crumbled, he becomes *blind and deaf*)—*but* to *learn* to die, to study and accept it without illusions. The two Queens who attend him, and a detached Doctor and a fag-puffing servant Juliette and the Bodyguard, drop away (literally, in Jorgo Lavelli's coolly neat production) as they help him toward his extinction.

Sutermeister has not decked out the bald action with orchestral comment. (Besides strings, there are only two electric guitars, a harp and percussion.) A mystical mini-chorus in the pit suggests something more otimistically visionary, I think, than the plain dissolution Ionesco proposes; but otherwise Sutermeister's surface-simple moans strictly serve the text. A sequence of shimmering thirds offstage opens and closes it; in between there are tiny character-pieces, and insonciant bursts of "Les Six" music-hall to match Ionesco's surrealist flights.

Wolfgang Sawallisch conducted with impeccable sympathy and timing. Besides *Uhl's* touching cartoon of the old Bodyguard, a vivid Juliette from Julie Kaufman (the nervy *Zdenka* of tho Munich *Arabella*) and Claes Ahnjö's icily grinning Doctor, we had a gangly King Bérenger—a lamb to the slaughter—from Heinz-Jürgen Demitz, and a pair of Queens (respectively starry-eyed and no-nonsense tough) by Edith Mathis and Ute Trekel - Burckhardt, who *answered eloquently* to their plain-cut music. At the very least Sutermeister's concise *little opera should have a long* run as an end-of-term student exercise: six good roles, modest orchestra, generous scope for a producer's imagination and a distilled musical diction fraught with existential hints.

Miss Mathis reappeared as an elfin, silvery Susanna in *Nozze di Figaro* against Hermann Prey's crossly suspicious Figaro (vexed into raw *Sprechstimme* for "Aprite un' po"). Amid a veteran cast — Teresa Zylis-Gara as Countess, Gudrun Wewezov as a quavery Marcellina, Friedrich Lenz (a remembered Pedrillo and David) as the lawyer — two guests stood

'Plenty of room for *Mozartian* imagination'

out: Delores Ziegler's handsome, fresh (if not credibly boyish) Cherubino, and tha Count of Ruggero Raimondi. Most modern *Figaros* err by making the Count a sit-com wimp; I have never seen a Count as dangerous, sulphurous and black as Raimondi's, a daunting adversary in all the domestic intrigues. Tha action took on a lethal edge, and he sang magnificently.

Sawallisch's work—including, *maybe, improvisation—was* a joy throughout. Every number was scaled to its singer (hugely dramatic for Raimondi, fragile for Mathis), but there was room for Mozartean imagination everywhere. A catalogua of Sawallisch's inspired twists would begin with his accompaniment to "Porgi amor," as dense with yearning and *regrets as Miss Zylis-Gara's singing*; but his illuminating touches were ubiquitous, and one would *still* have to *insist* upon the brisk comic pace that he maintained without a stumble. (And yet the *Adagio* recoociliation of Count and Countess was heart-stopping.) We *need* Sawallisch, as often as he can be tempted away from Munich; London's shabby record *vis-à-vis* Böhm and Jochum—too *little* and moch too *late*—shouldn't be recapitulated.

The whole *Inszenierung* of the *Munich Figaro is credited* to the late Günther Rennert, and the sets are hy Rodolf Heinrich: a model conception, in stripped-down haroque, of a space to accommodate the Bearmarchais/da Ponte action. With such a cast to inhabit it, one could want scarcely anything more.

Unlike Bayreuth's the Munich programme-books are monolingual, but they include good, chewy pieces. For Barenboim's all-Liszt recital—the Festival runs to some solo performing, though usually of *Lieder*—the combative text exceeded *itself*: it was a stirring defence of "late" Liszt, for a programme that included nothing significant of that ilk. Barenboim's programme was mostly more conventional, and badly played; from early in the "Dante" Sonata one knew that the penultimate page was going to be e mess, and it was. For e festival of this status, Barenboim really ought to practice like anybody else.

Alastair Muir

Charles Kay (left) and Donald Sinden in "The Scarlet Pimpernel" which opened last night at the Chichester Theatre

Alè/Sadler's Wells

Michael Coveney

Judging by accounts, including that in these columns by Charlotte Keatley, of the Spanish spectacular in Battersea Park on Sunday night, absenteeism amounted to nothing less than severe cultural deprivation. The Catalan company of Els Comediants is in residence, courtesy of the inestimable LIFT, until August 4 at Sadler's Wells, and its peculiar mixture of Fluck and Law masquerade, processional satire and sheer high spirits (or floating ghosts) is an adequate complement to that occasion, although a reasonable well-behaved Rosebery Avenue crowd may not compare with the Battersea mob.

An eruption of comic devils precedes the vision of *Hell*, where node embodiments of the satanic spirit — *Alè* means "*Breath*" — trip the light fantastic in an inspired medieval put-down of *Oh Colcutta!*; the creation leads to sexual discovery, the invention and exhibitionist display of silken underwear, the fig-leaf, the United Netions and the corrupted Press. *It is that sort of evening.*

As a scenario, this is all rathar far-fetched, of course, but tho *anarchic, impatient* and very beautifully conceived visual execution is more than compensation. It is like witnessing the Spanish equivalent of the Mystery Plays without the textual yeastiness. Marvellous lighting and use of projected shadows lead us to a Fellini-esque matrimonial tableau, white dresses and confetti, and a chorus of Cabbage Patch dolls inventing their own white-bearded creator.

God is a three-letter word in *Catalonian*, *it seems*, and *the* show makes light and merry with popular and *religious expectation* whilo simultaneously reaffirming the theatrical imperatives of pagan festival and carnival. In a final, glorious gesture of audience invasion, the cast descends on the stalls and orders us firmly from the red *plush to the undisciplined* boe-down in the foyer. Nobody argued with these instructions. I can promise you, although I felt the Daily Express and the Guardian caved in e little wanly and precipitously.

This heady brew of real *Alè* is best consumed as a confection of well-prepared and vaguely connected images. The on-stage band lends admirable support to these glorious images of life, birth and death, and the deployment of half-masks, bustling costumes and *belittling* universal representation of the planets transports us from the present day, *through medieval* and *commedia* convention, to the very root and impulse of popular theatre. The actors are, without exception, vigorous and likable; bow considerate and inventive of LIFT to bring them to us. Olé, Alè.

Ring Round the Moon/Regent's Park

B. A. Young

Alastair Muir

Sarah Finch and Patrick Ryecart in an evening of frivolous pleasure

Patrick Ryecart plays *the* idontical twins around whom Anouilh's amusing misunderstandings revolve. One is arrogant and confident, the other shy and recessive; Mr Ryecart differentiates them only in bearing and speech. You can't expect subtlety when the difference must be projected across the vast spaces of the Open Air auditorium at the top of the voice.

The complexities of the twins' relationships with two women, Diana Messerschmann, a multi-millionaire's daughter, and Isobelle, a young dancer hired for the evening, need not be expounded. *This would* be, in the classic phrase, to decant champagne. The misunderstandings may easily be imagined, and Anouilh exploits them ingeniously without using any of the dramatic tricks of Goldoni.

Mostly, Anouilh uses them as a framework on which to hang his gallery of flamboyant characters, and in David Conville's production, how flamboyant they are. Rich, spoilt Diana has a rich, *spoilt* performance by Serena Gordon, no less spoilt when she flirts with the idea of poverty. Honest, decent, Isobelle's chief task is to look ravishing in a gorgeous dress, to be tho belle of the ball although no ono knows who she is. Sarah Finch looks as ravishing as her dress, the top of Tim Goodchild's smashing collection. She is not called on to dance much, but she and Diana have a *marvellous wrestling match*.

The others, even the butler (James Cairncross), are all fantastics of one kind or another, introduced for incidental entertainmont. Michael Denison has reduced millionaire Messerschmann to a robot programmed for wealth and nothing else, though he has a good scene with the butler where he tries to ruin himself and, being an Anouilh charactor, only doubles his wealth. The twins' part, Madam Desmermortes, is a selfish old aristocrat in a wheelchair, to whom Margaretta Scott gives all the breeding in France and a little ovor. Her niece, Lady India, alleged to be English, is a designer's masterpiece to look at and smartly untrustworthy in Ruth Madoc's portrayal. Isabelle's mother (*Helen Lindsay*) is a snobbish shopkeeper who tries to impress the quality by *arraying herself* in ostrich feathers.

Except for Mr Ryecart's and Mr Finch's performances, the acting all tends to be as gaily extravagant as Christopher Fry's translation from the French. There is much offstage music, occasionally dancing, not always relevant but generally amusing, and a firework display to illuminate the happy ending. Simon Higlett's *winter* garden set is covered in pretty decoration. It is an evening of frivolous pleasure.

Not the RSC/Almeida

Martin Hoyle

Until August 11 the Almeida in Islington is given over to members of the Royal Shakespeare Company in unaccustomed hats.

Certainly there was an element of end-of-term ragging in *Toll Me Honestly*, Kenneth Branagh's "mad bad musical comedy of manners" whose late-night performance ended the first full day of junketing at the Almeida on Tuesday. Two actresses try to communicate with a soft-spoken director whose isolation from the bulk of his large theatrical organisation provoked much knowing *laughter from various members* of the audience. In-jokes abounded: a Barbican-based company appreciated the niceties of the marvelling actress commenting on "a lovely room —hey, a window!" Amanda Root, tapping, singing and falling off a piano; and Nicholas Woodeson as the smoothly unpin-downable director may well carry the joke successfully to a wider audience when the piece transfers to the Donmar Warehouse in late August.

The evening's main fare was provided by a double-bill of old and new. *Barnes' People* comprised three short pieces originally performed on radio and therefore suitable for the minimal production Brigid Larmour *deployed effectively* against tha building's bare brick back wall. The projection of an icon-like Madonna proclaims the Russian theme of the first, *It's Cold, Wanderer, It's Cold.* This condemned-cell dialogue between the Grand Duchess Sergei and her husband's assassin deals with paradox; notably of his Christian faith, unwavering in the face of her revelation that a police spy has been at the heart *of his* revolutionary organisation for years.

In *Yesterday's News*, Jennifer Piercey, as a 113-year-old OBE, reminisces about her life in prostitution and white slavery in tha down-to-not-quite-earth tones of a Pinter revue sketch.

With the third playlet from the author of *The Ruling Class*, *The Enchanted* and *Red Noses* a consistent theme emerges clearly: an almost Russian reverence for the holy-fool; the blessed simpleton; and *survival* at the most basic level somehow revealing the fullness of *life*. *Mr Barnes's* blackly *poetic* gifts could—should—be turned to Juliana of Norwich, the mystic who drank pus from plague sores. In *Lament for Armenians and Gray Viruses* two old derelicts (again, more Pinter than Becket) talk nonsense that ranges from strained whimsy to perceptive comment on humanity. The play receives an accomplished performance from Edward Jewesbury and an absolutely beautiful one from Jimmy Gardner.

And so to the sell-out, already scheduled for an extra performance on Saturday. "Etonne-moi, Jean." Diaghiley commanded the young Cocteau; and rather disagreeable fantasies have hitherto filled tha narrative gap left by history as to how this order was carried out. Robin Hooper provides not much more of *an answer* in *Astonish Me*.

Moving from spider king to *social* butterfly (or, in *this case*, queen bee). Mr Sher seems a natural for Cocteau. He shares the writer's high forehead, probing features and startled hairlioe. All too fatally, however, and perhaps *malgré lui*, his poetaster and poseur emerges more as a sounding-board for others than a noticeable talent in his own right. Mr Sher is good et the unexaggeratedly précieux, but the part gives him *little to gat his teeth into.* Pete Postlethwaite directs and gives us a Diaghilev chalky-white with monocle painted on; as Stravinsky Henry Goodman asks for the toilet several times. Philip Dupuy embodies Cocteau's loves —the schoolboy Rargelos, Nijinsky, Radiguet—with appropriate prettiness.

Riga Opera Ballet/Rome

Freda Pitt

After years of crude approximations masquerading as *Swan Lake* in Italy, at last a tour hy the Riga Opera Ballet mado it possible to savour once more the power of a carefully thought out traditional production.

In Roma, the transfer of the "Labirinto" Theatre Research Centre's brief international summer season from the open air to the hlissfully air-conditioned Teatro Argentina provided serious dance-lovers with a bonus issue. On the other hand, as it was a last-minute change, the Riga company was ohliged to make hurried modi*fications* in *its production* to fit it into the limited dimensions of the stage for the single per*formance on July 19.* Even though they miraculously managed to accommodate 24 swans, in Acts 1 and 3 Prince Siegfried (Viesturs Yansons) was having to take unfortunately mincing steps in order not to find *himself* amid tha audience.

The director of the company, Aleksandr Lemberg, is a choreographer and has therefore adapted Petipa and Ivanov's original, but without excessive reforming zeal. The ooly serious blemish is his tendency to break up sequences with interpolations that are meant to heighten the interest hut sometimes simply cause *irritation, as in the interrupted pas de trois.* Also, Rothhart's flamboyant cloak and coal-like eyes give him a somewhat laughehle air.

On the other band, It was a relief to see *a* tutor (short-haired with glasses) who was dignified and not addicted to drink. Siegfried (tall, hlond and handsome) was seen against a background that was altogether more normal than usual, his mother looking geouinely affectionate and staying with her ladies to watch the *pas de trois.*

It is understandahle that a Latvian production should follow less predictable lines than one from closer to Moscow; Lemberg is "unorthodox" in having Odette and Siegfried die at the end, their deaths enabling Odette's companions to regain their human form.

On this showing, the Riga company must be considered superior to that of Perm and *Novosibirsk* and thus near the summit of the Soviet hierarchy. Even the costumes are nearly all tasteful in colour and design, the designer being unnamed on the Rome Programme.

To see such immaculate feet and shoes, such magnificent schooling, such total involvement and *style* from the mostly young, good-looking company, was truly balm for the soul. Above all, Lita Beyris' Odette-Odile is one of the finest I have seen in recent years. Technically strong but never forced, with a perfect build and expressive features, she is a dancer I long to see again. I would dearly *like to see the* production again in a theatre with a stage large enough to hold all the scenery (only part of which could be used in Rome) and with a live orchestra instead of an unsatisfactory tape.

Arts Guide

Music/Monday. Opera and Ballet/Tuesday. Theatre/Wednesday. Exhibitions/Thursday. A selective guide to all the Arts appears each Friday.

July 26–August 1

Exhibitions

LONDON

The Tate Gallery: Francis Bacon, Britain's greatest living painter accorded the rare distinction at the age of 76 of a second full retrospective exhibition at the Tate, 20 years after his reputation as an artist of world standing was first put beyond all doubt. Now we see *him no longer* as a unique and extraordinary figurative, surrealist expressionist, but as an artist who *has come* at last into his own, as younger painters have come round again to the human figure as the central, creative preoccupation. As the subject matter is now more acceptable, so his peculiar and tormented re-invention and reconstitution of the figure no longer shocks. Ends Aug 18.

PARIS

Renoir: An important exhibition of the most sensuous of the impressionist painters, who never tired of glorifying the nude feminine body capturing the light, comes to Paris from the Hayward Gallery, London. It consists of some 125 paintings and 50 Drawings, including Le Bal du Moulin de la Galette and La Danse à Bougival, Grand Palais, Closed Tue. Ends Sept 2 (261 5410)

Robert and Sonia Delaunay: for the 100th anniversary of their births, his in Paris and hers in the Ukraine, a retrospective of some 300 objects, paintings, drawings and decorative projects brings to life their *joint* pictorial adventure. Whether exploring abstract painting or disarticulating Eiffel Tower images, their colours are vibrant, their *joie de vivre* explosive. Musée d'Art Moderne, 11 ave du Président Wilson. Closed Mon, Wed late closing. Ends Sept 8.

Perfume: An enchanting exhibition in praise of perfume assembles 550 objects, mostly phials, bottles and perfume fountains from the 16th to the 19th century. Some were *made* of Viennese porcelain, others of Bohemian cut glass or from gold and enamel *in* England. There are silver pomanders with petals opening up and Chelsea china statuettes. They all show exquisite workmanship and some of perfume's power to beguile. Le Louvre des Antiquaires, 2 Place Palais Royal. Ends Sept 15.

WEST GERMANY

Munich, Staatsgalerie moderner Kunst, Prinzregentenstr. 1: German Art since 1960, 200 paintings, prints and drawings by 13 artists from the private collection of the German Prince Franz of *Bavaria. Among* them: Beuys, Richter and Kiefer. Ends Sept 15.

Berlin, *Gropius* Bau, Stresemannstr. 110 Berlin 61: Treasures of the Forbidden Cities. Timed to coincide with this year's Berlin Horizon 85, the Peking Palace museum is coming to Europe for the first time, with roughly 120 works covering 3,500 years of Chinese *history. The exhibition* in Berlin includes gold, and jade, paintings, porcelain, musical instruments and calligraphs. Ends August 18.

Hildesheim, Römer und Pelizaeus-Museum, Am Steine 1-2: Nofret, the exhibition covering Women in Egypt. For its last stop in Germany, the exhibition will carry 177 pieces, an extra 96. Some 30 objects are on loan from the Egyptian Museum in East Berlin. It is the biggest assembly of Pharoan Art. Ends Nov. 85.

Berlin, Nationalgalerie, Potsdamer Straße 50: *New acquisitions '75-'85,* offer 500 works from between 1820 to 1985. Some 300 important artists participate. Ends Aug 25.

BRUSSELS

Opera costumes from 1959 to the present including Zeffirelli's Rigoletto, Bosquet's Traviata and Karl Ernst Herreman's Clemency of Titus. Musée de Costumes et Dentelle. Until November.

ITALY

Florence: Museo Archeologico (Piazza SS. *Annunziata*) – The *Etruscan* Civilization: This is the first of a long series of exhibitions to mark The Year of the Etruscans, and shows the results of the most recent research into the Etruscan world. A useful history of this civilization's birth, development and decline. Ends Oct 20.

Rome, Palazzo Venezia: Five Centuries of Music Publishing in Europe organized to mark European music year, and the fourth centenary of the founding of the Academy of Saint Cecilia, whose library has provided the bulk of the fascinating material. The time span and the number of manuscripts (and paintings) is enormous (roughly one room per century), but a useful shortened route has been provided through a series of attractive arched pavillions, containing the cream of the music publications of each period. Ends July 31.

Florence: Palazzo Pitti (Sala Bianca): Modern masters from the Thyssen-Bornemisza collection: The pleasure to be had from this remarkable exhibition is that it reflects the taste and prejudices of one individual: *one of the few left who can afford* Corot, Manet, Gauguin, Picasso – and who is generous enough to send them to be exhibited in France, England, the U.S., Australia, Japan, and now Italy. This same collection, with a few exceptions, was seen at the Royal Academy in London last autumn. Ends Sept 29.

SPAIN

Santander, Santillana del Mar. The splendour of pre-Colombian culture. Gold exhibits from the Quimbaya Treasure. Fundacion Santillana, Torre de don Borja. Ends Aug 30.

Santander, Paintings and sculpture by modern Spanish artists, Antonio Lopez, Andrea Alfaro, Antonio Saura, Eduardo Chillida. Fundacion Marcelino Botin, Santander. Ends Aug 2.

SWITZERLAND

Martigny: Fondation Pierre Gianadda: 250 Klee paintings in the striking modern gallery built over the Roman ruins of the city of Octodurus. Ends Nov 3. (026/2 39 78).

VIENNA

Vienna 1870–1930: Dream and Reality: The greatest names of the Viennese fin-de-siècle – Klimt, Otto Wagner, Schiele, Kokoshka, Adolf Loos, Josef Hoffman – in a dazzling display of Jugendstil creative genius. The attempt to integrate the *artistic* achievements of this era with philosophical developments (notably *Wittgenstein* but also Freud) and political transformations (the emergence of municipal socialism on the ruins of Baroque splendour) is ambitious and only partly successful. The complex tension between autocratic and censored reality on the one hand and the illusions or fantasies of individual artists on the other is hinted at but not fully explored. A high point of the show is a reconstruction of Hoffman's room at the secession exhibition of 1902. Here, triumphantly *restored, is Klimt's* fifty-foot Beethoven frieze depicting humanity's progress through suffering to joy on the theme of the Ninth Symphony. Displayed exactly as intended, this alone is worth a special visit. Kunstlerhaus. Ends October 6.

NEW YORK

Metropolitan Museum: 30 objects from the period between the 1851 Crystal Palace Exhibition to the 1900 World Fair in Paris demonstrate the show's theme of Revivals and Explorations in European decorative arts. Ends Sept 5.

WASHINGTON

National Gallery. Ancient Art of the American Woodland Indians includes 151 pieces covering 5,000 years of sculpture, ceramics, copper and shell objects of the native Americans who lived in what is now the eastern half of the U.S. Ends Aug 4.

National Gallery (West Bldg): 36 old master paintings from the Dulwich Picture Gallery are exhibited under the title Collection for a King, including works by Rembrandt, Van Dyck, Canaletto and Gainsborough. Ends Sept 2.

CHICAGO

Art Institute: Though Edouard Manet made etchings primarily to reproduce and publicize his paintings, he developed a unique style as shown in the 27 etchings in this special exhibit of more than a third of his total output of 75 etchings. Ends Sept 2.

TOKYO

Qing Dynasty Treasures from the Forbidden City, Peking. An important exhibition of 273 pieces showing the opulence and craftsmanship of the Qing Dynasty (1644-1912). Costumes, ornaments, ceramics, paintings plus imperial banquet room-setting, all magnificently displayed in Tokyo's best department store art museum. Seibu Department Store, Ikebukuro Branch. *Ends Aug 28,* closed Thursdays.

Masterpieces from Idemitsu Art Gallery: From one of Tokyo's finest private museums belonging to Sazo Idemitsu, the best from an outstanding collection of Oriental ceramics, crafts and paintings. Idemitsu Art Museum, 9th floor of Kokusai Bld, Hibiya. With magnificient views overlooking Tokyo's tranquil central (moat and green around Imperial Palace) plus Japanese tea-room. *Ends Sept 1, closed Mondays.*

Printed Music/Rome

William Weaver

On May 1 1585, the newly crowned Pope Sixtus V granted official recognition to the Confraternity of Musicians of Rome, from which today's Academy of Saint Cecilia directly descends. The Accademia *is* now a complex organisation that governs Rome's most important symphony orchestra *and is also* responsible for the capital's Conservatory. To celebrate its *fourth centenary*—*and also* with the European Year of Music—the Accademia has organised a *comprehensive* and *illuminating* exhibition entitled "Five Centuries of Printed Music in Europe."

Housed in a series of grand rooms in Palazzo Venezia, the exhibition *was* designed by the brilliant architect Paolo Portoghesi. But this is not a tricky, self - important installation. Arrayed in traditional glass cases along the walls, the documents are allowed to speak—eloquently—for themselves.

In the centre of the rooms, bowever, Portoghesi has erected some delicate pavilions of wbite wood, resembling handstands, where particularly important or beautiful publications are displayed. The individual items are clearly labelled; and in oach room there are didactic panels —the necessary minimum—that explain, in clear terms, the characteristics and dovelopment of the craft of printing music during the period illustrated in bet room's cases.

It is a complex and curious story, which begins in 1475 (only 20 years after Gutenberg's invention of movable type). And the oldest book in the show is a Roman Missal printed in 1476 in Rome by Ulrich Han; but this is, basically, a book with some music. The earliest example of musical printing—also exhibited in this exhibition—is the *Harmonice Musices, Odhecaton*, printed presumably in 1501 in Venice, by Ottaviano Petrucci da Fossombrone, who was the first real publisher of music.

Even though many of the volumes are also beautiful objects, often with elaborate frontispieces or handsome portraits, a succession of books could easily become boring except for the deepest-dyed bibliophile. Wisely, the curators of the show have, in the central room, assembled a series of paintings that either portray musicians or include a sheet of music as an element in a still-life (thus suggesting the role played by music in everyday existence).

The paucity of full opera scores in the 19th century section indicates also the commercial aspect of music then, and the absence of copyright laws to protect composers and their publishers from the swarms of pirates. The final room is devoted to popular music, in both senses: music of the people, as collected by ethnological musicologists, and pop music (there are touching items of sheet-music with portraits of Edith Piaf and the young Beatles).

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How Japan can import more

IT IS tempting to take a cynical view of the import liberalisation programme unveiled this week by the Japanese Prime Minister, Mr Yasuhiro Nakasone. Even if they are implemented in full and without hesitation, Mr Nakasone's measures will cause little more than a pinprick in Japan's $50bn trade surplus. With import promotion or without it, the the trade surplus is set to continue rising, to $56bn in 1986, according to OECD forecasts—and perhaps above $65bn in the year beyond.

The fact of the matter is that Japan's import barriers are not the most important cause of the enormous imbalances which are beginning to undermine the world's commitment to free trade. Japan's trade surplus has trebled since 1982 despite a steady reduction of import barriers. The main cause has been the surge in exports to the U.S. market. This in turn has been attributable largely to the overvaluation of the dollar against the yen.

Even if Mr Nakasone fulfils his promise of "achieving for the Japanese market an openness exceeding that of the international level," Japan will continue to be used as a scapegoat by politicians and industrialists in the West. At best Mr Nakasone's import promotion campaign will win him time, by removing some of the pretexts for protectionism in the guise of retaliation. At worst, the delays and ambiguities in some of his liberalisation measures could expose Japan to even more suspicions and complaints.

Why are agricultural goods largely excluded from the import-promotion programme; why are the cuts in plywood tariffs to be delayed to 1987 and why is there no programme for freeing the interest rates on small bank deposits? The danger is that questions like these will continue to add fuel to the fires of protectionism. In answering them Mr Nakasone will have to reinforce the central message of his import-promotion campaign with something even tougher and more disquieting.

It is not just that the Japanese people must overcome traditional prejudices in favour of domestically-produced goods. They must also accept that free trade will create large—and continuous—upheavals in their economy and society. All countries have experienced large and disruptive structural changes as a result of free trade, but in the medium term all have benefited. Indeed, Japan's penetration of one export market after another has been attributable largely to its impressive and admirable ability to adapt to changes in its comparative advantage against the rest of the world.

Adjustments

In the immediate future, however, Mr Nakasone himself, and Japanese civil servants, are the ones who will have to accept uncomfortable psychological adjustments. Econometric studies are virtually unanimous in concluding that the yen-dollar exchange rate is the root cause of Japan's excessive trade surpluses. To a large extent this currency misalignment can be blamed on the mix of fiscal and monetary policies in the U.S. but Japan must accept that it too has played a part. By pursuing fiscal retrenchment regardless of its consequences for domestic demand and the exchnge rate, Mr Nakasone has simultaneously weakened the yen and dampened Japan's demand for imports.

His Finance Ministry has freed Japanese institutions to invest their capital abroad, but has failed to deregulate domestic interest rates which might have encouraged them to keep more Japanese savings at home. Mr Nakasone has talked a great deal about deregulating the property market and reforming Japan's domestic utilities to enable the private sector to undertake infrastructure investments in place of the fiscally-constrained public sector, but so far the impact on Japan's domestic demand has been minimal.

Mr Nakasone plans to move faster on all these fronts as part of his import-promotion plan and this is certainly welcome. But if Japan's domestic growth falters in the months ahead—and there are strong indications that it may—the outside world ma not be prepared to wait for the long-term benefits of trade liberalisation, deregulation and other supply-side measures: new fiscal and monetary policies will be needed as well.

Censorship and the BBC

IT IS just possible that the Government had good and compelling reasons to seek to persuade the BBC to drop its planned broadcast on Northern Ireland; so compelling, in fact, that the corporation's Board of Governors felt obliged to accept them when it saw the programme at its special meeting on Tuesday.

There has, after all, been a great deal of genuine controversy recently about the connection between terrorism and its coverage on television: witness the events at Beirut airport a few weeks ago. The Anglo-Irish talks over future security arrangements in Ulster are also at a crucial stage. It is quite likely that the British Government will shortly have to defy the extreme unionists and say that it is reaching an accommodation with Dublin. It might not have helped if that had been prefaced by an interview on BBC television with Mr Martin McGuinness who, however his role is to be defined, certainly has something to do with the IRA.

Those are the potential excuses. They seem to be pretty thin. They will become nonexistent unless the Government and the Board of Governors can produce some support for them in the very near future.

Damage

Meanwhile, it is worth concentrating on the damage that has been, is being, and probably will be done. For a start, the Government has slithered on yet another banana skin. There is no reason why a government should not advise a television company, a newspaper or a magazine that a certain item should not be published. The advice may or may not be taken. It should be a matter of discretion between the government and the publishers or of resort to the courts. This Government used a blunderbuss. It is widely believed that senior ministers, including the Home Secretary, had not even seen the programme they were objecting to. That is not the way to attract support in the country.

There is another anomaly in the Government's behaviour. Sinn Fein may be the political wing of the IRA but it is a legal organisation. It takes part in elections in Northern Ireland and even to the British Parliament. It is very hard to understand why the Government should countenance Sinn Fein councillors and not Sinn Fein appearances on television. Somewhere the policy has become confused.

Not least, it is rather insulting to the British people to suggest that they are incapable of watching an interview with an Irish terrorist without falling falling for it hook, line and sinker. On the contrary, a few words from Mr McGuinness might well have had the opposite effect.

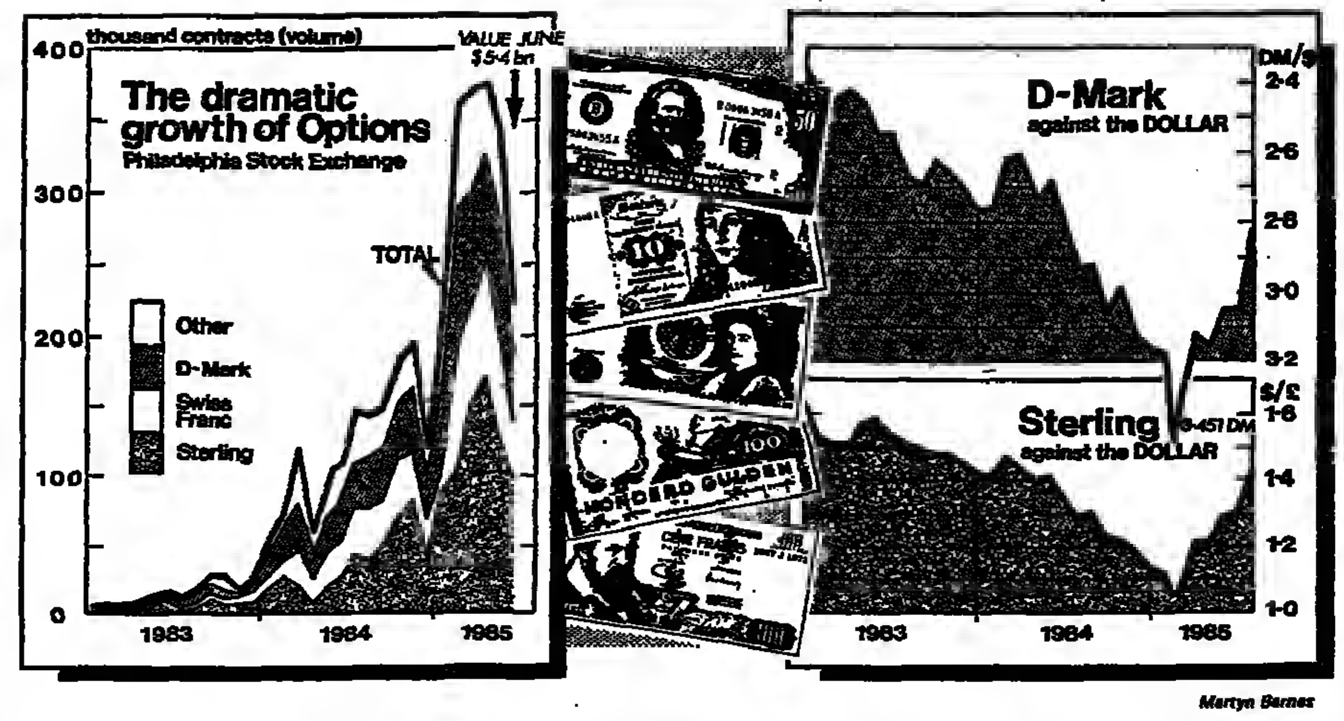
Independence

We came now to the Board of Governors. Clearly the corporation is under great pressure from the Government to justify its existence in anything like its present form. The row over the licence fee and the setting up of the Peacock Commission are evidence of that. Yet here was a golden opportunity for the Board to show its independence. It buckled. It simply did what the Government asked it to do.

Independence is supposed to be what the BBC is all about. It is what its reputation rests on, at home and abroad. Where is that reputation now? The consequences should not be belittled. The next time an enterprising BBC team produces an exposure of slavery in the Middle East and gulags in the Soviet Union, foreign regimes will be able to tell their own people that the corporation is an instrument of the British Government. It will not be true, but it will sound more plausible than it used to. Moreover, once the BBC has caved in to pressures, it will be open to any other pressure group, foreign or domestic, to try again.

There is also the potential effect on the BBC's External Services, admittedly a shoestring operation, but one commanding great respect. That respect is for its independence. The reputation will be much harder to maintain in future. The corporation has plenty of enemies in foreign countries who do not like its tradition of free and open broadcasting. They will not hesitate to exploit present difficulties.

Ultimately, one must ask: without independence, what is the point of the BBC? Mrs Thatcher has spoken quite justifiably about the dangers of broadcasting providing oxygen to terrorists. That may have been true in Beirut. In this case, however, she has provided oxygen to censors — and the Board of Governors has acquiesced.



Martyn Barnes

A new option for the corporate treasurer

By Alexander Nicoll

NEW TECHNIQUES to protect company profits from the volatile swings of exchange and interest rates are rapidly transforming the life of the corporate treasurer.

A dynamic core of treasurers—themselves a relatively new breed in Britain reflecting a more active approach to asset and liability management over the past decade—have enthusiastically embraced the concept of options on currencies and interest rate instruments as an effective method of managing risks.

Options have dramatically increased companies' flexibility in dealing with market turbulence. "You can no longer sit back and say there's nothing I can do about it," says Mr Martin Bralsford, treasurer of Cadbury Schweppes. "There is almost always something you can do about it."

An option provides the buyer with the right, but not the obligation, to buy (if it is a "call" option) or sell (if it is a "put") a given amount of a currency at a specified rate on or before a fixed expiry date. The seller or "writer" of the option receives a premium and is obliged to sell or buy the currency if the option is exercised.

It is not just the corporate treasurer's role that is being revolutionised. Options have meant fundamental changes for the foreign exchange and debt markets, in the products offered by banks, and for the exchanges upon whose trading floors the volume of options business is currently exploding.

It has also increased demand for a new range of skills. In the foreign exchange dealing rooms of a handful of top international banks, including most of the UK clearers, the young, aggressive dealer who entered the rough-and-tumble market often without a university education, will nowadays find himself sitting beside someone with a doctorate in mathematics, econometrics or even physics.

Options have been traded in one form or another since the 17th century though in England they were ineffectively banned in 1733. They started to attract

Pricing an option is the art which underlies the market

serious attention after the Second World War in the commodity and equity markets, culminating in the establishment of the Chicago Board Options Exchange in 1973 to trade options on U.S. stocks.

The breakthrough towards much wider use came in 1982, when the Philadelphia Stock Exchange began trading currency options. These enabled banks, which wanted to offer options to their corporate customers, to offset the resulting risks they would be taking on.

Currency options are now also traded in Chicago, Montreal, Amsterdam and Sydney as well as in London where the London International Financial Futures Exchange (Liffe) is winning the early rounds of a battle with the Stock Exchange to be the recognised marketplace. The craze is spreading rapidly to options on interest rates as well.

Despite the proliferation of exchange-listed options, the market remains for most corporate treasurers in the hands of a few banks which offer "over-the-counter" (OTC) options individually tailored to the corporate customer's specific need to hedge currency exposures.

The advantage of options over the traditional method of hedging on the forward foreign exchange market is the far greater flexibility that they offer, combined with the ability to make windfall profits without losing the fundamental protection sought in any hedging operation.

Jaguar is a case in point. After being spun off from BL into the private sector last autumn, the company foresaw the strong possibility that its profits would be damaged if the dollar fell — more than half its sales are in the U.S. The company adopted the "prudent and conservative" policy of selling its dollar receivables forward, effectively fixing in advance the sterling rate at which its U.S. revenue would be converted.

So far this year, the dollar's fall is making Jaguar's decision look wise. Last year's profits, on the other hand, disappointed analysts because straightforward hedging had allowed the company to miss out on the potential benefits from the dollar's strength in the final months of the year.

Use of options would have enabled Jaguar to cash in on the dollar's continued rise while still protecting itself from the U.S. currency's eventual fall. Yet the company, asked whether it would consider them, says: "We are manufacturers of motor cars, not currency speculators."

That is the crux of the problem banks face when broaching new instruments with companies, and treasurers face when confronting suspicious boards of directors. "The people who developed options made a terrible marketing mistake," says Mr David Westby, group treasurer of Metal Box. "They should have called it foreign exchange insurance. Option is an unfortunate name for something that reduces risk."

Further discouragement lies in the fact that several of the exchanges now offering options have made their name primarily as marketplaces for futures, which have a speculative image and are seen as unsuitable for corporate use. Add to that the extraordinary complexities which can attach to options—the principle is simple, but strategies and pricing mechanisms cannot be examined without a good computer—and you have what might seem the ultimately dangerous market.

Once this mental barrier is overcome, the treasurer needs to be sure that he is paying a fair price for what is effectively an insurance policy. He will have to justify paying, say, 6 per cent of the total amount of exposure being hedged as an up-front cost for an option that may never be exercised.

Pricing an option is the art which underlies the market, and which has demanded the recruitment into bank dealing rooms of people with high-powered qualification. Mostly based on the Black-Scholes formula originally developed for U.S. stock options, pricing programmes essentially take into account the volatility of the underlying market, the time before expiry, and the relationship of an option's "striking price" to the current market price.

If the underlying market—for example, the dollar/pound exchange rate—has been exceptionally volatile of late, then options premiums tend to rise to reflect the heightened risk being taken on by the option writer. But the extent and duration of such increases are hotly debated issues which go beyond the normal market forces of supply and demand.

In assessing the truth or otherwise of the frequent complaint that option premiums are too expensive, corporate treasurers have had to cope with wide divergences between prices quoted by different banks and with abnormal volatility in the premiums themselves.

The difficulties of establishing an options market have been underlined by substantial losses believed to have been suffered by several major U.S. banks which either mis-priced options or failed to cover the exposure created by writing them.

This year, the exceptional volatility of currency markets has pushed up premiums substantially but it has also persuaded may corporate treasurers that options, despite requiring substantial outlay, may be worthwhile. A practice by banks of allowing the customer to pay the premium at expiry—simply deducting it from the final transaction or off-setting the price of sale back to the bank—is seen as easing the price burden as well as the tricky accounting problems posed by options.

One UK treasurer who has become a devotee says: "High cost is a poor argument against options. You only have to look at the volatility of currencies in both directions, and it becomes apparent in our experience that options are the cheapest way of hedging."

Options, however, are not for everybody. Companies which have known, fixed and regular receipts or outlays in foreign currencies might benefit from hedging, but would find it difficult to justify the cost of options. They will continue to use the forward foreign exchange market.

Those who benefit most are companies with unquantifiable exposure — with sales or expenses abroad that are difficult to predict precisely, or with balance sheet exposure created by foreign subsidiaries. Use of the forward market to cover amounts which turn out to be too little or too great could result in actual losses. Options can be employed to cover contingent exposures.

Tour companies, for example, frequently add surcharges to the published cost of holidays to reflect currency movements. Disgruntled customers would do well to ask tour operators whether they had considered using options. If they had, they would have little excuse for last-minute price increases.

Despite their clear advantages, options are still a new market. Although many banks include them in their repertoire, few make a genuine market with fine prices in all the major traded currencies. Options between currencies other than the dollar can be expensive, but they do exist where banks can hedge their exposure in the forward market. Midland Bank claims to have arranged an option between Dutch guilders and Malaysian ringgit.

Though banks do offer to buy back an option before expiry, some corporate treasurers feel the price given is too low. That may lead them into traded options where prices are visible and market-set, though few would wish to engage in the day-to-day monitoring of positions that would then be required.

Companies with large and active treasury departments are more likely to consider direct entry into the trading floors. Some have also adopted the higher risk strategy of writing options rather than simply buying them. This offers the possibility of receiving premium income on a currency portfolio, but also carries the possibility of unlimited losses, which have deterred most treasurers from currency futures markets.

Increased flexibility in dealing with currency exposure has been accompanied by growing

Growing sensitivity to interest rate fluctuations

sensitivity of treasurers to interest rates fluctuations. Several new instruments have sprung up with many of the characteristics of options, essentially setting a cap which comes into force if floating rates rise above a certain level. There are fledgling markets in interest rate options offered by banks, as well as options on Eurodollar futures contracts traded in Chicago, Philadelphia and London. The listed options, only recently introduced, should help provide liquidity to the bank market.

Overall, options mark an enormous change in market philosophy. Says Mr Graham Simister, manager of currency money markets at Midland Bank: "We see options as a tremendous new product with as far-reaching effects as the change from fixed to floating exchange rates. Companies' ability to manage risks has been improved significantly and we expect continuing refinement of the techniques over the next five years."

HOW OPTIONS WORK

THE TREASURER of a UK engineering group is concerned about a tender the company has put in for a U.S. contract. The dollar's potential decline during the tender period exposes the company to the risk that the contract, if won, might prove unprofitable.

He buys a sterling call option exercisable at, say, $1.45, costing 2 cents in the pound. If the contract is won, the worst-case exchange rate at which incoming dollars will be converted into pounds is $1.45. If the dollar appreciates, making the contract potentially more profitable, the UK company will still benefit by converting the dollars at a higher rate and allowing the option to expire unexercised.

If the contract is not won, the maximum the company will lose is the 2 cent "insurance" premium. It may even make a profit by selling the option, particularly if it still has a significant time to run before expiry and if exchange rate movements have served to make it more valuable.

Complex strategies with bewildering names such as strangle, straddle and butterfly — involving combinations of options—can be employed. But for most corporate treasurers, simple transactions will suffice.

Men and Matters

Defenders take the lead

To the victors, the rewards. Last January Powell Duffryn, the distribution and storage group, became that very rare creature—a company which has faced a takeover bid from Hanson Trust and lived to tell the tale. Its escape was due in no small part to a spirited defence by a management team which won high marks in the City for the presentation of its case.

Yesterday, Powell announced plans for a smooth boardroom change of leadership which takes two key architects of that defence into the top position. David Hubbard, the 49-year-old finance director, is to become executive chairman, while Bill Andrews, 50, the head of engineering and bulk liquids storage, will become chief executive.

They should make a complementary team: Hubbard, who combines an urbane air with an ability to communicate, has good City connections. An accountant by training, he is a former finance director of Cape Industries and joined Powell in 1976 after a three-year spell in the City with Prudential Bache.

Andrews, an engineer, who has worked his way up through Powell, over the past 20 years, is a tough, direct man who will take charge of the operational side of the company.

The handover will take place at the end of the year, when Lord Sandon, the present non-executive chairman, and John Franklin, the chief executive, step down, though Franklin will stay as a director until next July to help the transition.

Franklin, a soft-spoken Welshman and the third member of the successful Hanson defence team, will be retiring a year early, aged 59, to a house in Wales "with a large snooker table and lots of local fishing."

A delighted Franklin says the timing of the handover is just right: the company has seen off Hanson, met its profits forecasts, generally tightened up its performance and is moving out of its West End headquarters to cheaper premises in Bracknell, Berkshire, at the turn of the year.

"Inevitably, after a bid, a company takes a close look at itself," he says. Clearly, the hot breath of Lord Hanson concentrates minds.

Rover scouts

Austin Rover claims it will today enter the cut-throat, "C" registration, August car market with more salesmen than any of its competitors. All 38,000 of the company's workers are being offered commission if they can persuade a friend, relative or neighbour to buy an Austin Rover car.

The State-owned company believes its workers, simply by word of mouth, can have an important role in boosting sales in what is the key buying month for the private motorist.

But dealers need not be envious of the level of incentives being offered — £20 for replacement of an existing Austin Rover and £40 for switching from another marque. Payment will be in vouchers valid at more than 8,000 stores — "a bit like luncheon vouchers," the company explains.

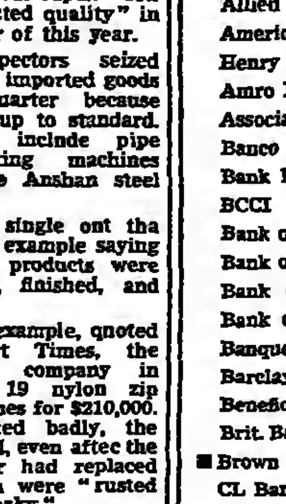
In the picture

What Booker and Whitbread have done for writers, Athena Galleries is now doing for artists.

The retailer of contemporary reproduction has put up £31,000 in prize money, including a £25,000 first prize, for the best original paintings of the past two years.

More than 1,600 paintings have been submitted. This month at the Mall Gallery, they will be narrowed down to a "short list" of 300 by Douglas Hall, keeper of the Scottish National Gallery of Modern Art, Bryan Robertson, author and Spectator columnist, and Prof. Colin St John Wilson, professor of architecture at Cambridge University. The winner will be announced on September 3.

Terry Maher, chairman of Athena and its parent company Pentos, is looking for a higher profile because of a plan to expand from the present 40 shops in the UK to 100 over the next three years. And he is also looking for promising artists whose work might be reproduced.



"Looks as though the only way it's going to fly is in ever-decreasing circles . . ."

Export rejects

Although Japan is enjoying the biggest share of the fast-growing trade between China and the rest of the world the Chinese are by no means satisfied with what they are buying.

According to the Chinese Administration for Import and Export Inspection, many of its imported goods, and in particular, those from Japan "fell short of contracted quality" in the first quarter of this year.

Chinese inspectors seized 4,683 batches of imported goods during the quarter because they were not up to standard. The products include pipe hydraulic testing machines supplied to the Anshan steel works.

The Chinese single out the machines as an example saying these Japanese products were "badly welded, finished, and packed."

In a further example, quoted in the Export Times, the Fuzhou Huafu company in China bought 19 nylon zip fastening machines for $210,000. The line worked badly, the Chinese reported, even after the Japanese maker had replaced 200 parts which were "rusted obsolete, and shaky."

Frontiers of space

It seems that even astronauts cannot escape the long arm of the immigration authorities.

Astronaut — or, in the language of his Press release, "space - traveller" — Robert Parker told an audience in Indonesia that the National Aeronautics and Space Administration equips all its astronauts with a bundle of visas for countries "where a landing might be effected due to special error."

Parker was in Jakarta as part of a programme to select an Indonesian for a shuttle flight next June, during which an Indonesian telecommunications satellite is due to be launched.

The eventual candidate will doubtless be hoping that the ever-efficient Nasa will look after all necessary visas—including the exit/re-entry visa for Indonesia itself which at present costs US$150 and can take many weeks to process.

Observer

BASE LENDING RATES

A.B.N. Bank	11½%	Heritable & Gen. Trust	11½%
Allied Dunbar & Co.	11½%	■ Hill Samuel	§11½%
Allied Irish Bank	11½%	C. Hoare & Co.	11½%
American Express Bk.	11½%	Hongkong & Shanghai	11½%
Henry Ansbacher	11½%	Johnson Matthey Bkrs.	11½%
Amro Bank	11½%	Knowsley & Co. Ltd.	12 %
Associates Cap. Corp.	13 %	Lloyds Bank	11½%
Banco de Bilbao	11½%	Edward Manson & Co.	13 %
Bank Hapoalim	11½%	Meghraj & Sons Ltd.	11½%
BCCI	12 %	Midland Bank	11½%
Bank of Ireland	11½%	■ Morgan Grenfell	11½%
Bank of Cyprus	11½%	Mount-Credit Corp. Ltd.	11½%
Bank of India	12 %	National Bk. of Kuwait	11½%
Bank of Scotland	11½%	National Girobank	11½%
Banque Belge Ltd.	11½%	National Westminster	11½%
Barclays Bank	11½%	Northern Bank Ltd.	11½%
Beneficial Trust Ltd.	13 %	Norwich Gen. Trust	11½%
Brit. Bank of Mid. East	11½%	People's Trust	12½%
■ Brown Shipley	11½%	PK Finans Intl. (UK)	12 %
CL Bank Nederland	11½%	Provincial Trust Ltd.	13 %
Canada Permanent	11½%	R. Raphael & Sons	11½%
Cayzer Ltd.	11½%	Roxburghe Guarantee	12 %
Cedar Holdings	13 %	Royal Bank of Scotland	11½%
■ Charterhouse Japhet	11½%	Royal Trust Co. Canada	11½%
Choulartons**		■ J. Henry Schroder Wagg	11½%
Citibank NA	11½%	Standard Chartered	‖11½%
Citibank Savings	¶12½%	TCB	11½%
City Merchants Bank	11½%	Trustee Savings Bank	11½%
Clydesdale Bank	11½%	United Bank of Kuwait	11½%
C. E. Coates & Co. Ltd.	12½%	United Mizrahi Bank	11½%
Comm. Bk. N. East	11½%	Westpac Banking Corp.	11½%
Consolidated Credits	11½%	Whiteaway Laidlaw	12 %
Co-operative Bank	*11½%	Williams & Glyn's	11½%
The Cyprus Popular Bk.	11½%	Yorkshire Bank	11½%
Duncan Lawrie	11½%		
E. T. Trust	13 %		
Exeter Trust Ltd.	12 %		
First Nat. Fin. Corp.	13 %		
First Nat. Secs. Ltd.	13 %		
■ Robert Fleming & Co.	11½%		
Robert Fraser & Ptns.	12½%		
Grindlays Bank	†11½%		
■ Guinness Mahon	11½%		
■ Hambros Bank	11½%		

■ Members of the Accepting Houses Committee.
* 7-day deposits 8.00%, 1 month 8.50%. Top Tier—£2,500+ at 3 monthly notice 11.25%. At call when £10,000+ remains deposited.
† Call deposits £1,000 and over 8½% gross.
‖ 21-days deposits over £1,000 8.25%.
¶ Mortgage base rate.
** See Provincial Trust Ltd.
§ Demand deposits 8%.

UK trade and industry

Shape of the Tebbit imprint

By John Lloyd and Peter Riddell

Trevor Humphries

"One of the dominant themes which emerges is the continuity of policy pursued by the Department of Industry whichever party is in power."

THUS Mr John Redwood, who as bead of the Prime Minister's policy unit from 1983, has gazed deeply into the Department's workings and clearly liked them not. Sitting above these workings for the past two years has been Mr Norman Tebbit, Trade and Industry Secretary, who does not like to be told be does things the way any old Secretary of State, be they Tory or Labour, would have done them.

Coming, perhaps, to the end of his tenure at the Department—and widaly canvassed as tha next Conservative Party chairman—he is satisfied he haa changed things: run tha DTI in the way a Conservative should. Not at all like, say, Eric Verley, the last Labour occupant of tha Industry job.

"First of all I don't sit bere and think its our role to agree plans with companies about how they're going to manage their business. I don't think it'a my role to allocate resources round UK industry.

"Also (a touch of the polecat Tebbit here) I think it's my role, when I have an argument with Cabinet colleagues, to win it. I think Eric's success in carrying things through was rather on the low side. Particularly wben be was right."

Chrysler?

"Yes. I think that the biggest difference is the end you start from. My reaction is that unless there is good reason to intervenc, onc abould not even contemplate it."

But (as a fair-minded man) bc concedes that everything be does as Secretary of State is e sort of intervention.

"After all, we intervene in order to avert the abuse of monopolies and cartels. That is a form of intervention of which I entirely approve. I must say I get rather less pleasure in some ways ont of intervening to try to persuade people in industry to do the things they ought to be doing in their own best interests—industry support programmes, support for innovation, awareness of technology and design.

"All of these things are regrettable—regrettable that a Government department has to do them. In a perfect world it would not, but we don't live in a perfect world."

Among the many imperfections in Mr Tebbit's world has been the state monolitbs which he has inherited, which have been passed on from Secretary to Secretary like a malign patrimony, never welcomed but never able to be shaken off. BL remains in the state sector. its losses guaranteed: it will stay that way a while. Mr Tebbit says. "It's a hard life being a commercially viable motor manufacturer in Europe."

So how is BL to protect itself against this hard life, and survive: will it be part of a Japanese multinational, Honda UK Ltd?

"That's not necessarily so, because some of the things that have been changing for it have been changing in rather a favourable way.

"Flexible manufacturing systems are closing tha gap in cost of production terms. So it's R and D costs that are the real problem, and therefore you can bave companies such as BL and Honda sharing a lot of their R and D costs as opposed to ectually being combined in all senses.

"I think you hava to be pretty big to be absolutely independent. Bnt I think wa're moving to e situation where you can survive on e much smaller scale than people thought a little while ago."

That other, slimmer dinosaur, British Steel, will soon present him or his successor with a hard choice: whether or not to close one of the big three strip mills at Llanwern, Port Talbot or Ravenscraig.

The choice, be agrees, is between "being disloyal" to workers who supported BSC through the miners' strike, and "being disloyal to the *other* workers by burdening them with costs they can't carry.

The EEC requirement on member Governments is to come out of state operating aids for steel by the end of this year: but Governments can go on lending money to their corporations.

"There's a very real difficulty there because we don't want to get back into the business of everyone lending their steel companies money and then finding they can't pay it back, then writing it off or forgoing the interest—which is back to the old operating subsidies through another route."

Europe is much on Mr Tebbit'a mind: he has criticised the Germans for closing their market to UK insurance salesmen ("they ought to have expected that") and he is very keen indeed to see more deregulation in the Market. It is et the moment a "rather lonely" position—"not least because the Commission is not *entirely* dedicated to deregulation"; but be is strong on it, perhaps in part because of that.

He criticises the package put forward by Lord Cockfield, his former Cabinet colleague and now EEC Commissioner, for the internal market, aimed at liberalising the market. "It doesn't pay sufficient attention to the problems of getting a Common Market without state aids. I don't think we can have a Common Market without controlling state aids more effectively than we are."

Tighter control from Brussels?

"I think that would have to be so. It would have to be something where we all agreed on the same standards and the Commission ensured they were adhered to.

"I'm not saying you should have no state aids—I *might* say that as a philosophical point—but the point I'm making is that you must require state aids through the Community, and obviously the nearer we get to zero state aids the better for the working of the Community."

Mr Tebbit's pragmatic separation of the philosophical from the actual applies equally to trade policy, where ba has recently given strong warnings to Japan. He believes there are lesssons to be drawn from the argument over the extent of subsidies for the Bospborous Bridge contract—from which, he argues, "nobody emerged entirely stainless."

The Government, he concedes, was "not as quick as we should have been in responding to things as they changed.

"But as always thera was the problem that if we put an ECGD limit on a country, as I am sure one has to, and you bave got two or three prospective contracts in view at one time, it does make it very difficult to be able to give the answer to people when they ask a reasonable question as to wbether they are covered or not, or whether they can get covered."

Mr Tebbit has spent e lot of time over the past year in preparing plans for tha supervision of the City's securities markets to be included in the major financial services Bill this autumn.

However, despite recent City scandals, be does not see any need to go beyond the existing plan for self-regulation

"The other aspect is, of course, when things do go wrong bow do you deal with miscreants? I think that the system which we have gone for of the 'fit and proper person' is a good one because there is no real problem about dealing with aomebody who continnes to stay in business when be has been declared to be not a 'fit and proper person' and be has just committed a criminal offence. That is e very straightforward question for the court to answer."

Mr Tebbit maintains an open mind on whether to bave one or two boards (investment and marketing). "The one thing I am sure of is that there is always enough work for two boards to do at this stage in organising. We have pretty good systems to ensure that they do not go on diverging paths."

"What I have done is to make sure that I not only keep an open mind but also that the structure as it develops is one which could be either dual or single," Mr Tebbit argues.

The City bas also been concerned about Mr Tebbit'a decisions on competition, but be regards this as one of his achievements. "We have got a competition policy which, while it may not suit everybody, is at least predictable.

"I refer on competition issues. I have not said that I will never refer on any other issues but I think people can aee that if there is a competition problem it is going to get referred, and if there is not one it will *not get referred*."

Mr Tebbit talks throughout as if be is drawing np a balance sheet of his two-year spell et the DTI. He claims to bave done a lot for value for money in the Department. He points to e coloured pie chart showing both a drop in the Department'a total spending and e switch within the total from support for nationalised industries to scientific and technological assistance. It is obviously one of his party pieces.

More generally, be does not believe that the Government has lost any of its reforming edge following the Cabinet's recent decisions not to go ahead for the moment with bousing rent de-control, with student loans or with the abolition of Wages Councils.

As ever the realist, Mr Tebbit regards the decision to exempt young people as e "big step forward. A few years ago nobody would have believed that anybody could lay a finger on a wages council without the world coming to an end. I think we got most of what we wanted."

With a possible eye on his much-rumoured shift to become chairman of the Conservatives in early September, Mr Tebbit bopes that "over the next year or two we have a somewhat better presentation of what we have done. Look at all the things that have happened that have been absorbed and forgotten already. That is a good thing in some cases. They have really been built into the culture."

Lombard

Top people's pay: envy versus backscratching

By Samuel Brittan

MY FIRST reaction to the Armstrong — I am sorry, the Plowden — Report on Top Salaries, was that this was e perfect example of top people scratching each other's backs and taking the Prime Minister in *en route*.

But even if the report had been entirely satisfactory and established an impeccable market case for its recommendations, there would still have been an uproar.

The popular bue and cry is that when the Government is calling for pay restraint all round, it is allowing "top people" to set an intolerably bad example.

But the Government does not need to call for "restraint all round." There is no national pay norm of the kind the Wilson, Heath and Callaghan governments fell down trying to enforce. Nor do our economic problems call for one.

What they call for is a move towards market-clearing rates of pay. Where there is a surplus of labour, as among the young people hitherto covered by wages councils, pay rates need to come down to encourage more jobs.

Where, on the other hand, there is a scarcity of particular kinds of labour, pay rates need to rise and this, too, will encourage jobs.

The constraints on public-sector pay arise not from norms or pay restraint, but from the need to regulate public spending.

The existence of e public-sector "pay factor" of 3 per cent as a separate element within cash limits has always been a mistake. It would be better to have one set of casb limits for all categories of pnblic expenditure, and avoid all suggestions of a "norm."

There will, however, always be a trade-off between public-service pay levels and the amount of services provided.

If the National Health Service, as a result of wage negotiations, pays more than market rates for certain categories of worker, then, so long as there are any expenditure limits at all, the amount of health care provided will be less than it could be. So will public-sector employment.

Nor is this hypothetical. Officials report that, outside London pay for Health Service clerical and unskilled staff is way abova prevailing levels for workers not in the NHS.

Sir Robert Armstrong

Indeed, proposals were made to take advantage of the high turnover levels among such staff to establish a two-tier pay system.

Needless to say, tha suggestion was turned down, long before it could get to Ministers, as were more modest ideas to shift from national to local bargaining in the public services or to make far more use of contract employment to reduce the number of pnblic servants with expectations of life-time careers.

The Plowden Report does not advance the cause of market-clearing pay by one iota; and its acceptance by the Prime Minister is mainly a tribute to the undue influence on ber of the Cabinet Secretary, Sir Robart Armstrong, who gave the matter a security classification which would have seemed excessive even for Trident.

The report is entirely an old-fashioned exercise in comparabilities with supposedly similar business posts outside. This is overlaid by an extremely unconvincing gesture towards free market language. Indeed the Prime Minister's own Policy Unit would have used the report as an argument for doing eway with the whole Review Body on Top Salaries, if Sir Robert had not played his cards so close to his chest that very few other advisers could get a look in.

Lord Plowden found no problems in retaining top civil servants at existing pay levels. Indeed, it would positively belp morale in junior and middle grades if the promotion blockage were relieved by a larger exodus at the top.

The only grade among senior civil servants, officers and judges of which there was evidence of a shortage at current pay limits was circuit judges. But this did not prevent Plowden recommending large increases across the board, with by far the largest increases going to those at the very top.

The lowest civil service grade covered was that of an under-secretary, who earned £30,365 per annum up to July 1. If he has been one year in the grade his pay will rise on March 1 1986 to £32,500, an increase of 7 per cent.

On the other hand, the pay of the Head of the Home Civil Service (e post occupied by Sir Robert himself) will rise 46 per cent from £51,250 to £75,000. The Chief of the Defence Staff and the Lord Chief Justice will be paid at the same level.

Tha whole atmosphere of the Plowden Report is that of Establishment figures conscious of their own worth and trying to do their best for kindred spirits at the top of the public service.

The main grounds given for the awards were that civil aervants' morale was "at an exceptionally low ebb" and they felt they had declined in public and ministerial esteem.

Tha only shadow of an economic case was that some of the more eble junior and middle ranking officials (not covered by Plowden) whose jobs brought them in contact with industry and finance had departed. Tha implicit argument is that assistant secretaries or principals will be so enchanted by high rewards 15 to 30 years later that they will stay.

When I asked one such promising young official whether the Top Pay awards had improved his morale, his reply was: "Hell, no. It will belp like the banning of unions at GCHQ," the other major initiative with which Sir Robert was associated.

Bnt what would improve morale? "Easier movement, both outwards and hack in again. Promotion less tied to age. The public advertisement of all key posts," I was told.

The new awards will not even satisfy top administrators or make them less critical of Thatcherism. On the contrary, there are already signs that many of them feel guilty and uneasy at once more being subject to public ridicule and abuse.

Letters to the Editor

VAT and free ports

From Mr J. Hill, MP.

Sir,—You call attention (July 24) to my involvement with the concerns of the operators of Britain's first free ports which have now been open for a year.

You point out that rigorous application of VAT bas been found to be an unnecessary burden to the fulfilment of Parliament's original intention which initially was the creation almost of small island economies like Singapore or Hong Kong where trading and manufacturing could burgeon. Your article also suggests that our free ports are free of Customs duties. This is unfortunately not entirely so, and neither are they free in practice of excise duty.

The application of VAT is probably most damaging in preventing the establishment of commodity trading and associated warehousing activities. Elsewhere in Europe (for example, Hamburg freeport) there are thriving commodity trading zones entirely free of VAT. But VAT is also applied to UK sourced components used in manufacturing in free zones and even applied again if an assembly using that component *is re-exported* to the UK. This militates against a manufacturer using UK produced components rather than imported ones.

Customs duties are, in fact, applied to some components used in manufacturing and also applied to machine tools used exclusively in manufacturing in a free zone.

In practice it is impossible for a freeport to offer exemption from excise duties because of the interpretation put on the original legislation. Bonded warehouse status is not accorded to free zones if similar bonded status is afforded by existing facilities within a vicinity of at least 40 miles.

Our original vision is being crushed by a zealous bureaucracy which is understandably, determined to block loopholes and prevent precedents. The original legislation has now proved too feeble to enable an enterprising idea to become a reality and unless changed must see the demise of all six free zones.

James Hill.
House of Commons, SW1

Sensitivity at the Town Hall

From the Deputy Director of Finance, Bolton Metropolitan Borough

Sir,—I always read with interest your occasional feature "Report from the front line" by the finance director of a medium sized engineering company in the North West. There has been the odd side-swipe at unsympathetic local authorities in the past, but I bave taken that in good spirit as being part of the standard tension between private and public sectors of the economy. I was dismayed, however, to see in the latest article (July 26) the assertion that "the imminent closure of our factories four years ago brought a demand from our local authority for increased rates." I cannot believe that any local authority is so crass as to make that sort of response to a firm in trouble, and I suggest that the two events, even if correct, cannot have been connected in the cause-and-effect manner that your anonymous finance director implies. We are, sir, a little more sensitive to our local economy in this part of the world than that!

B. G. Aldred.
Town Hall,
Bolton.

Housing in Scotland

From the Director, Scottish Campaign for the Homeless

Sir,—For anyone concerned about homelessness and the housing crisis in Scotland, reading the major recommendations of the inquiry into British housing, chaired by the Duke of Edinburgh, will come as a grave and bitter disappointment.

It is clear that while the report team is keen to say that the new housing allowance will mean no extra cost to tha Exchequer no such assurances are forthcoming for mortgagors and tenants. Indeed, it is certain that for the vast majority of tenanta and mortgagors there will ba a sharp increase in housing costs which will not be met by the new allowance. Nor will this increase in housing costs lead in any direct way to any increase in capital investment in housing, merely the hope that the private sector will be stimulated to invest more. For the inquiry the solntion to the present bousing crisis rests on this very shaky proposition.

A number of different organisations in Scotland, in providing evidence to the inquiry, called for greater public investment in bousing. There is no doubt that such direct public capital investment is desperately needed, yet this request is ignored. With regard to funding for council housing, the inquiry report limply suggests that "ona way or another, from one source or another, more resources must be made available to tackle the growing problems facing the council sector." But where will the much needed resources come from? "After much discussion we have decided not to examine in detail the possibilities of advocating a major increase in public sector investment but rather have concentrated on ways in which private investment might be attracted into rented housing."

For homeless families and single people; for the bundreds of thousands of Scots living in houses in need of major modernisation and repair; for the 300,000 Scots living in damp houses officially recognised as a health hazard, this brave, radical report will bring no joy. Proposals that call for increases in the housing costs of tenants and mortgagors alike in the dubious hope that this will lead to private investment solving the housing crisis, deserve short *shrift. Not surprisingly, Frances* Hamilton of the Scottish Tenants Organisation (there were no tenants on the inquiry team) says the report is "not even worth the paper it is written on."

Noel Dolan.
65 Cockburn Street,
Edinburgh.

Qualms about pay inequities

From Mr C. Crook

Sir, — Anatole Kaletsky's short article on wealth creation and top pay (July 25) clocked an impressive score of elementary economic fallacies. The one I liked best is tha idea that "trading in secondary markets for stocks or currencies is mostly a zero-sum game — one man's profit is another's loss."

This is lika saying that trading bananas is a zero-sum game: after the trade the buyer has gained some bananas and lost some money, and the seller has an exactly matching loss and gain, so nobody is better off. In fact, of course, both are better off. It's a surprise to see a writer in the FT defending the idea that there are no gains from free exchange.

Salaries are high in the City partly because of restrictive labour practices — one reason why liberalisation has met such resistance there. (It is hard to account for that resistance if Mr Kaletsky is right, and liberalisation is just a conspiracy by financial-types to get rich by increasing the volatility of markets.) But even without restrictive practices those people will make a lot of money because their customers valne their skills. That, presumably, has something to do with economic productivity.

Incidentally, I share what I take to be Mr Kaletsky's moral qualms about pay inequities, and I am in favour, for example, of more ambitious redistribution through the tax system to do something about them. But it's crass, and a kind of moral cowardice, to dress up such qualms as technical arguments abont efficiency.

Clive Crook,
6697, Fairfax Road,
Chevy Chase,
Maryland, 20815, U.S.A.

Accounting for small firms

From Mr P. Dickerson.

Sir,—It is unfortunate that your report on accounting for small firms (July 26) was published under a misleading headline and first paragraph. It only becomes clear to those who take the trouble to read the remainder of the article that the London Society of Chartered Accountants meeting was divided on whether the statutory audit should be retained for small companies, with well reasoned cases being put forward by both those who supported and objected to abolition.

The clear message, which was endorsed by all who spoke, was that the chartered accountants bad no doubts that the present accounting requirements for small companies were a significant and unnecessary burden. I bope that the Department of Trade and Industry representatives who ettended the meeting fully appreciated that message and will return to their offices determined to effect major simplification to the complex accounts which small companies are at present required to present to their members.

The arguments for and against changes in the audit requirements are mnch more finely balanced and the DTI will be well advised to consider seriously the benefits of retaining the audit and to balance these against the costs involved before rushing headlong into abolition.

P. J. Dickerson,
Howard Tilly & Co.,
1, New Oxford Street, WC1.

Experience tells

From the Managing Director, Heathrow Business Centre

Sir,—When will it be grasped that almost everyone who has employed anyone will do almost anything to avoid repeating the experience?

Roger Penlington.
Terminal 2,
Heathrow Airport,
Hounslow, Middlesex.

FINANCIAL TIMES
Thursday August 1 1985

William Hall in New York looks at GM's decision to build its new car in sleepy Tennessee

Why states promised the moon for Saturn

IT WAS one of the best kept secrets for years: where would General Motors, the world's biggest industrial company, put its Saturn plant, which will build its first completely new brand of car since the First World War.

Saturn will be GM's first new domestic nameplate since it rolled out the first Chevrolet in 1918. The company is betting heavily on a combination of new technology and a revolutionary agreement with the labour unions to enable it to overcome the $2,000-a-car cost advantage that has enabled Japanese producers to take such a large chunk of the U.S. small-car market.

General Motors' new $3.5bn car plant has been the most sought-after industrial project for years.

For the past seven months a popular guessing game in city halls and state capitals across the country has been spotting the new plant's location. On the basis that what is good for General Motors is good for America, local officials have been falling over themselves trying to catch GM's eye.

Half the state governors in the U.S. trekked to Detroit to plead their case. According to GM officials, they suggested more than 1,000 sites and provided enough information to fill 20 large filing cabinets.

The 6,000 new jobs and the $200m annual payroll which come with the new plant are important, but the real reason for the concerted lobbying battle between the states is that GM's choice is like a Good Housekeeping "seal of approval." Where GM treads, others are likely to follow.

Schoolchildren were encouraged to write letters begging GM to put the plant in their state. Youngstown, Ohio, which is struggling to recover from the decimation of the local steel industry, set up a "We want Saturn" committee, which hired billboards on the Detroit freeways to get their message across to GM executives on their way to work.

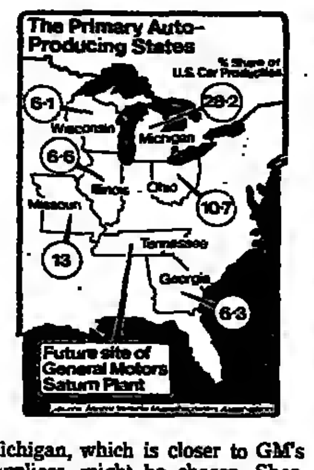
The state of Michigan, long the home of the U.S. auto industry, promised to meet or beat any other state's offer.

Kansas City earmarked $260m in economic incentives and New York's Governor Mr Mario Cuomo, offered $1bn in free hydro-electric power as the bidding war for the Saturn plant escalated to circus-like proportions.

GM had hoped to announce its decision early in April, but as it was deluged with fresh information, the decision was pushed back week by week and local newspapers assigned teams of reporters to try to crack the secret.

About a month ago the highly respected Automotive News disclosed that a Nashville lawyer who had played a key role in buying land for Nissan's new truck plant in nearby Smyrna, Tennessee, had bought options on 1,000 acres of farmland in a rather sleepy and scenic corner of Tennessee about 30 miles south of Nashville.

GM kept everyone guessing until the last moment and there were strong rumours that Kalamazoo,



Michigan, which is closer to GM's suppliers, might be chosen. Sherman, Texas, and Shelbyville, Kentucky, were also frontrunners. On Monday, GM confirmed that it had chosen the hamlet of Spring Hill, Tennessee (population 1,094), as the Saturn site.

GM has been exceedingly diplomatic since then about why it turned down so many attractive offers and chose this unknown site, which does not even rate a mention in the Mobil Travel Guide.

Mr William Hoglund, Saturn's president, said GM used "15 critical disciplines" in its search for the best location and "more than 60 different factors were considered" before Spring Hill was identified.

"Spring Hill offered the best balance of all those factors for the Saturn complex, but every project has different needs." Mr Hoglund emphasised that GM had made every effort to avoid a "bidding war" by keeping various state and local proposals strictly confidential. He had ordered his executives not to talk about alternative sites and to burn sensitive files.

Tennessee, which likes to call itself the "Flagship of the Sun Belt," is within one day's delivery (500 miles) of 76 per cent of main U.S. markets. Mr Hoglund has conceded that "freight is the single biggest economic factor" in plant siting decisions.

"Freight costs get out of sight once you get out of the central part of the country."

The Saturn plant will be close to three main interstate highways, which intersect at Nashville. Tennessee is the home of the Tennessee Valley Authority, the country's biggest electricity producer. It also has a strong work ethic which appeals to the dozens of foreign companies which have flocked there in recent years.

How much money Tennessee official promised GM in the form of tax breaks and other financial assistance remains a closely guarded secret, but state and company officials emphasise that that was not the deciding factor. Indeed, they still have to talk about items such as access roads, education and training for employees and the cost of taxes, water, electricity, natural gas and sewers.

Mr Lamar Alexander, Tennessee's Republican Governor, who helped to lure Nissan to the state four years ago, said his state did not engage in "bidding wars" like some other states. He said Tennessee had done nothing for Nissan expect help to pay for job training. Rival state officials are sceptical.

Mr David Healey, an analyst with Drexel Burnham Lambert, said GM's choice of Tennessee was done simply on a cost basis. "The South is attracting a lot of non-union auto suppliers whose costs are low. A lot of things that are going to go into Saturn will be bought by GM, not built by GM."

GM's Saturn project is also an important test for the United Autoworkers' Union (UAW). Tennessee is a "right to work" state, which means workers do not have to belong to a union if they want to work in a union-organised plant. That is believed to be one of the key reasons why Nissan, the big Japanese car maker, chose to locate its first U.S. manufacturing plant in the state.

The UAW would dearly like to organise the 2,000 workers at the Nissan plant and the new Saturn complex, which will cost about six times more than a normal car plant, will give the union a chance to prove itself to both GM and Nissan's non-union workers.

Mr Donald Ephlin, a UAW vice-president, said: "The important thing is that we can demonstrate that we can build small cars competitively here in the U.S. in not only a union plant but in the most union-involved plant in the country."

Record loss for AMC, Page 15

Brussels fines UK over milk pricing

By Ivo Dawnay in Brussels

THE EUROPEAN Commission last night fined Britain Ecu 8.8m ($6.8m) for offences under the Community's milk pricing rules in 1980-81.

London might face fines of a similar size for the three following years when a two-tier pricing system, deemed to discriminate against milk imports, was in force.

The Commission also handed down substantial fines for other member states during the annual clearing of agricultural accounts. Those include Ecu 30m sought from the Netherlands for a skimmed milk policy said to be illegal under EEC rules, and a further Ecu 8m from the Hague for illegal overfishing.

There were also demonds against Denmark, Belgium, Italy and Ireland, for mispaid farm spending.

The EEC's financial controller originally claimed all UK milk payments from Community funds amounting to a massive Ecu 744m to be repaid for the year 1979-80. Although that was later dismissed on technical grounds, Britoin feared its legal position would be weaker for the following years.

It drew, therefore, the Commission's attention to breaches in farm payment rules by its Community partners in the hope that the matter would prove sufficiently complicated to be dropped.

The Commission has decided, however, to act on all legally dubious payments. But the sums involved have been substantially reduced to reflect estimates of the financial advantages thought to have been gained by the alleged malpractices.

Britain and the other offending member states may attempt to challenge the decision in the European Court. Alternatively, they could argue simply for a reduction in the amount of money being claimed.

But in the case of the UK's two-tier milk pricing, which created unique incentives for British dairy farmers to sell to the retail trade unavailable for other Community producers, the case looks weak.

● The commission failed last night to reach a conclusion on plans to reduce the level of member states' subsidies for the coal industry.

Colgate-Palmolive in $442m defensive share buy-back plan

BY PAUL TAYLOR IN NEW YORK

COLGATE-PALMOLIVE, the U.S. household and personal care products group, yesterday announced a corporate restructuring involving the planned sale of certain operations outside its core businesses. The group said that should generate $260m – together with a share buy-back scheme of up to $442.5m.

The actions, which the New York-based group said were designed to refine its long-term strategy and provide shareholders with a cash premium, come amid recurring bouts of Wall Street speculation that Colgate-Palmolive might be a takeover target.

Late last year, Colgate-Palmolive enacted a series of anti-takeover measures after Sir James Goldsmith, the Anglo-French financier, was rumoured to have built up a 2.5 per cent stake in the group and made a filing under the Hart-Scott-Rodino anti-trust regulations seeking to be allowed to increase his stake to more than 10 per cent.

The asset sale, coupled with the repurchase of up to 16 per cent of the group's outstanding 82m shares, is seen on Wall Street as part of Colgate's defensive strategy.

The group's shares fell $⅝ to $28 in heavy trading after the announcement.

The share repurchase scheme, to be launched today, will involve a tender offer for up to 12m shares at $29.5 each. Mr Reben Mark, president and chief executive, said Colgate "may decide to purchase up to an additional 3m shares."

The company, which has been struggling to reverse a three-year slide in earnings, reported net income last year of $71m on sales of $4.9bn after taking a $114m charge in the fourth quarter to restructure its worldwide manufacturing operations.

Colgate-Palmolive is the second largest domestic detergent maker. Its chief products include Ajax cleaner, Colgate and Ultra Brite toothpaste and Palmolive soaps.

Mr Mark said the sale of assets would involve certain operations "which do not fit into our long-term strategy" of concentrating on its core household and personal health care segments.

The businesses being put up for sale are the group's Bike Athletic and Etonic subsidiaries, which produce running shoes, athletic clothing and equipment, Riviana Foods – excluding the Hills pet foods subsidiary – and parts of its Kendall unit, including its textile woven fabrics division and some of its non-health care operations.

Mr Mark said the units were soundly managed and profitable but "simply do not fit within the Colgate-Palmolive strategy for future growth." The sales would be for cash and should be completed by the end of this year.

New bid to salvage European fighter

By Bridget Bloom in London

ARMAMENTS directors from the five nations involved in plans to build a new European fighter aircraft are to meet in Turin today in the latest effort to prevent the project from collapse.

Today's meeting will be the second held in just over a week by the senior arms officials from Britain, West Germany, Italy, France and Spain. In Madrid, they failed on July 23 – as they have often before – to find a compromise on the new fighter, which is designed to replace in the early 1990s a variety of combat aircraft currently in service with the five air forces.

So much is at stake politically in the project, which would be the biggest collaborative venture ever undertaken by Europe's aerospace industries, that the governments of the five nations have so far been unwilling to admit that the gap on the nature and role of the new aircraft is unbridgeable.

In negotiations over the past year Britain, West Germany, Italy and Spain have agreed on feasibility studies for a 9.5 to 10-tonne aircraft designed for an air superiority role, while France has opted for a lighter, less powerful type, maximised for ground attack.

In London last night, the purpose of the hurriedly arranged meeting was said to be to try yet again to find a five-nation compromise. However, it was being suggested in Rome that if that compromise again eluded the armament directors, the majority might decide to recommend that their ministers go ahead with a four-nation project. Such an outcome would obviously need to be endorsed by ministers.

U.S.-Soviet meeting 'productive'

Continued from Page 1

er side had pulled its punches on the main issues on which they disagree – nuclear arms controls, the U.S. space weapons research programme and human rights.

Mr Shevardnadze had forcefully stated Moscow's views on some of the main points of conflict between the two superpowers. He had rejected the sharp criticisms that Mr Shultz had made during the conference of the Soviet Union's human rights record and had stressed that Moscow would not tolerate interference in its internal affairs.

In a clear reference to the U.S. space weapons research programme, the spokesman said that the Soviet Union considered "impermissible" any actions which heightened military competition in new spheres. The star wars issue would have to be included in the agenda of the summit between President Ronald Reagan and Mr Mikhail Gorbachev, the Soviet leader, the spokesman indicated.

Senior U.S. officials were much less forthcoming than the Soviets in describing the results

Monsanto to sell £75m of North Sea assets

BY DOMINIC LAWSON IN LONDON

NORTH SEA assets worth about £75m ($105m) are being put up for sale by Monsanto, the fourth largest U.S. chemicals company. Monsanto last month agreed to pay $2.7bn for G. D. Searle, the U.S. pharmaceutical group, and has decided to raise some of the money by selling its oil and gas interests.

One of Monsanto's most highly regarded oil assets is a 38.3 per cent stake in North Sea block 15/21A, which it operates. The block contains two oil fields, known as Rob Roy and Ivanhoe, which contain recoverable reserves of about 85m barrels of oil.

The UK Department of Energy is soon expected to give Monsanto the go-ahead to develop the fields, at a cost of about £350m. At a meeting last month, Monsanto told Mr Alick Buchanan-Smith, the Energy Minister, that the fields would be put up for sale. However, provided the purchaser of Monsanto's stake is an oil company with experience of developing North Sea fields, there are unlikely to be any objections from the Department of Energy.

Wood MacKenzie, the stockbrokers, estimate that the Monsanto stake might be worth up to £75m. Monsanto's other North Sea blocks are not thought to be of great value. However, the company will be seeking a larger sum for the whole than £75m.

It seems most likely that Monsanto will attempt to sell its entire oil and gas assets to one bidder, thus diminishing the interest of all but the largest oil companies.

Mr Anantha Raman, a U.S. chemicals company analyst, said yesterday that Monsanto's oil and gas assets had a book value of $580m, but might fetch at least $700m.

The Monsanto deal is the largest of several recent North Sea asset disposals prompted by international mergers.

Phillips Petroleum is auctioning its stake in the North Sea's T-Block, and should receive at least £30m.

Meanwhile, BTR, the UK industrial conglomerate, revealed yesterday that it had sold the North Sea assets of Thomas Tilling, which it acquired in 1983, for £3m to Trafalgar House.

World Weather

		°C	°F
Ajaccio	S	33	[illegible]
Akrotiri	S	34	91
Algiers	F	29	84
Amsterdam	R	15	59
Athens	S	—	—
Bahrain	S	36	97
Bangkok	C	30	86
Barcelona	S	[illegible]	71
Beirut	F	29	84
Belgrade	F	35	95
Berlin	F	18	64
Biarritz	F	21	70
Blackpool	C	15	59
Bordeaux	C	20	68
Brussels	C	19	66
Budapest	-	—	—
B. Aires	F	15	59
Cairo	S	35	95
Cape Town	C	16	61
Caracas	-	—	—
Casablanca	F	23	73
Copenhagen	C	19	66
Corfu	S	34	93
Dublin	C	15	59
Dubrovnik	S	32	90
Faro	S	27	81
Florence	-	—	—
Frankfurt	C	18	64
Funchal	R	21	70
Geneva	C	19	66
Gibraltar	S	29	84
Guernsey	-	—	—
Helsinki	F	18	64
H. Kong	S	31	88
Innsbruck	F	19	66
Inverness	C	15	59
Istanbul	S	33	81
Jersey	C	17	63
Jo'burg	S	21	70
Las Palmas	-	—	—
Lima	-	—	—
Lisbon	S	24	75
Locarno	-	—	—
London	F	22	72
Los Angeles	C	28	83
Luxembourg	F	18	64
Madrid	S	26	79
Majorca	S	29	84
Malaga	S	26	79
Malta	-	—	—
Manila	S	33	91
Miami	C	31	88
Milan	F	27	81
Moscow	R	18	64
Munich	F	20	68
Nairobi	F	24	75
Naples	-	—	—
New Delhi	F	33	91
New York	C	32	90
Nice	S	31	88
Oporto	S	20	68
Oslo	F	21	70
Paris	F	20	68
Prague	-	—	—
Reykjavik	C	11	52
Rio de Ja'o	C	31	87
Rome	F	30	86
Salzburg	F	18	64
Seoul	F	33	91
Singapore	F	31	88
Stockholm	R	19	66
Strasbourg	C	19	66
Sydney	S	14	57
Taipei	C	33	91
Tangier	S	24	75
Tehran	-	—	—
Tel Aviv	S	30	86
Tenerife	S	26	79
Tokyo	S	31	88
Toronto	R	20	68
Tunis	S	36	97
Valencia	F	26	79
Venice	S	30	86
Vienna	F	20	68
Warsaw	C	22	72
Zurich	R	15	59

Readings at mid-day yesterday:
C-Cloudy D-Drizzle F-Fair Fg-Fog R-Rain S-Sun Sl-Sleet Sn-Snow T-Thunder

Rand plunges by 10%

Continued from Page 1

als for the victims of political violence, and also banned political speeches at funerals, which had become almost the sole legal rallying point for anti-apartheid supporters.

Dr Beyers Naude, the general secretary of the South African Council of Churches, said black communities would view the restrictions with "deep displeasure."

Reports of unrest around the country continued, with the now familiar episodes of stone-throwing by black protestors and vigorous response from armed police and army units. Attacks also continued on the homes of black township councillors who are cast in the role of quislings by black opposition groups.

Ivo Dawnay writes in Brussels: The EEC Commission said the imposition of economic sanctions against South Africa would "become inevitable" unless there was a fundamental change of South African Government attitude to the black demands.

In its most outspoken attack on apartheid, a Commission statement said the Community had to prepare itself to face the likelihood that economic measures would have to be applied.

U.S. leading indicators up 1% in June

Continued from Page 1

Private economists yesterday welcomed the rise in the index as confirming their belief that at least a modest rebound is likely in the months ahead. They warned, however, that the June figure remained subject to substantial revision and that too much should not be read into a single month's performance.

Six of the 10 indicators for June were positive, including the formation of new businesses, the money supply, stock prices, the length of the average working week, orders for factory equipment and raw materials prices. Three were negative – orders for consumer goods, claims for unemployment benefits and building permits – and the tenth, the pace of deliveries, was unchanged.

The separate figures for factory orders were boosted by a 25.1 per cent increase in defence orders in June, following an even larger 43.1 per cent rise in May. Without the defence orders, overall orders for manufactured goods would have risen by 0.9 per cent in June and 0.7 per cent in May.

THE LEX COLUMN

When two and two make three

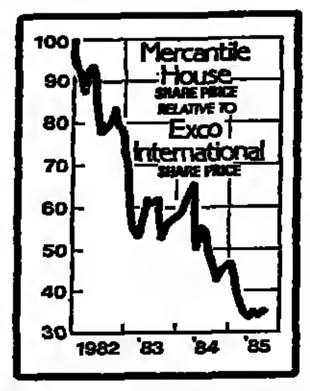
To judge from the public pronouncements of City revolutionaries and from the salaries on offer to anyone who can handle both a telephone and a pocket calculator, broadly based financial services companies stand an excellent chance of success in the markets of the future. But while the chairmen of these embryonic institutions are advertising the merits of their individual strategies, the stockbrokers and fund managers whom they now employ are delivering a very different judgment on the prospect of making a profit.

Mercantile House is as advanced as any UK financial group in the process of integrating services and personnel. It has a clearly defined strategy and an enviable track record. The results for the year to April, on which the group reported yesterday, were admittedly nothing to shout about. Profits fell 8 per cent to £56.2m pre-tax, despite a substantial translation benefit from the stronger dollar, and earnings per share dropped by roughly the same amount even after a much lower tax charge.

But, the dollar permitting, Mercantile can look forward to a substantially better performance this year. The U.S. fund management operation has plugged an important gap in its product portfolio, the discount house can expect a return to profits and the Wall Street securities trading business should see a revival of retail interest. A profits increase of 20 per cent or more would be no surprise.

Yet, as an investment, Mercantile House has been little short of disastrous. Even after a 7p rise to 247p yesterday, the shares were trading on a prospective yield of 8.7 per cent – almost double the average for the FT Industrial Group – and were offering a multiple of less than six times likely 1985-86 fully diluted earnings. The share would arguably be lower still but for the persistent takeover speculation. Mercantile, according to the market, has a break-up value of almost 400p per share. Far from adding value to the company, the integration of individual financial companies seems in this instance to have created a substantial discount.

Mercantile is perhaps a special case. Net tangible assets of roughly £120m may not be sufficient for a group which is stretched both operationally and geographically. Yet on all but the most pessimistic prognosis, Mercantile has sufficient capital for its present plans. The gilt-edged operation could absorb £25m but the discount house has surplus capital and the stockbroking arm will not be making markets in UK equities except in a very limited fashion.



The most instructive comparison is with Exco, which, as the accompanying chart demonstrates, has been outperforming Mercantile ever since the City began seriously to contemplate the future structure of its markets. Exco has been conspicuous by its reluctance either to elucidate a strategy or to take part in the auctions of stockbrokers and discount houses. Mercantile may of course be proved right in the end. But, in stock market terms, it has a lot of catching up to do.

Rand

Yesterday demonstrated just how fragile the South African rand has become. In one morning, it lost 11 per cent against a weakening dollar on the rumour that a smallish operation of a U.S. bank was planning to disengage from Johannesburg. More rumours followed, some of them so outlandish as to test the credulity even of a nervous foreign exchange dealer.

The fall may have been started by speculators, but importers with dollars to cover moved in smartly, exacerbating the problem. The last time there was a serious run on the rand, the two-tier system helped to protect those who used the rand for trade, so the commercial rand fell much less than the financial rand.

The Government will obviously be reluctant to reintroduce stricter controls on its currency. Not only would such a move involve a loss of face; it would also be a thoroughly regressive step after the liberalisation of the last two years. Yet there must surely come a price at which passive resistance is shown to have failed. Meanwhile, the depreciation will wreak havoc with the Government's strict anti-inflationary policy and will bump up interest payments on the country's $23bn debt.

If it does reintroduce the two-tier system, the financial rand would almost certainly open well below the commercial rate. All of which makes the holding of South African shares deeply unattractive; mitigated only by the fact that people would be able to buy them at the financial rate and earn dividends in more valuable commercial rands.

Short takeovers

The discovery that a takeover bid can be decided by short selling in the market – yesterday confirmed by the courts in the case of Cartwright versus Tonks – has all manner of strange implications, mostly rather unpleasing. Most of all, it demonstrates that there are clashes of principle, as well as of interest, that are bound to be more frequently exposed as the triple-capacity market comes into existence: yesterday's refreshing news that the investment arm of S. G. Warburg had shown its independence by selling Debenhams shares against the interests of Warburg's corporate client, Burton, does not remove the underlying worries.

The root of the problem is that the market bargain in which Tonks bought the offending shares has to be treated in law as a valid contract. Otherwise some basic assumptions of stock market trading would go by the board – particularly the idea that if you buy shares in the market you gain the beneficial ownership, whatever the cost.

But taking this to its logical extreme now seems to suggest that takeovers could in principle be won by anyone who is prepared to buy 25 per cent of a company. Sell that stake through the market to a friendly institution for assent, buy back for the closing date, and you have the necessary 50 per cent; it is just unfortunate if the short sale has temporarily swollen the number of shares in the market to 125 per cent of those actually in issue.

Try to stop this by ruling out short sales in bids, or by stipulating that market purchases only count if proved by certificates, and the absurdity is merely turned upside down: with that sort of rule the whistle could always blow, and no hostile takeover bid would ever succeed.

JOBS COLUMN

Fine overall, but odd signs in the shadows

BY MICHAEL DIXON

COULD anything be worse than living in a country dominated "by a contemptible democratical oligarchy of glib economists?"

Coleridge, who wrote the words quoted, did not think so. By comparison, he added, "the worst form of aristocracy would be a blessing." But I cannot help feeling that even glib economists might be preferable to a preponderance of smooth management consultants.

Either way the UK's prospects would seem a mite worrying—as witness the hefty table alongside.

It is drawn from the Hay-MSL consultancy's last two quarter-year counts of job advertisements for managers and senior specialist staff which appear in leading UK papers. The counts for January to March, and for April to June — which Hay-MSL has kindly rushed out especially for the information of Jobs Column readers — of course add up to a measure of the advertised demand in the first half of this year.

The higher-level jobs in question are classified under eight headings: research, development and design work; sales and marketing; production; accounting and finance; computer-centred work; general management; personnel; and "others" whereby hangs a tale.

But first let's look at the grand totals represented by the three lines of figures at the bottom of the table, which cover the first half of the years from 1981. In each of the latest two quarters demand has been higher than in the corresponding periods since the UK market for executive-type posts has been recovering from its bottom. The earliest three monthly period covered by the table—January to March 1981—saw the first upturn from the trough of October-December 1980 when the advertised demand was the lowest since Hay-MSL began its counts in 1959. By happy contrast, the overall figure in January-March this year was the highest yet recorded.

UK ADVERTISED DEMAND FOR MANAGERS AND KEY SPECIALIST STAFF

		1985		1984		1983		1982		1981	
		Posts advertised	% of total market	Posts advertised	% of total market	Posts advertised	% of total market	Posts advertised	% of total market	Posts advertised	% of total market
R & D	Jan-Mar	2,042	17.6	1,972	18.5	2,022	22.2	1,188	18.0	624	13.4
	Apr-June	1,735	16.6	1,928	19.2	1,752	21.0	956	17.1	705	14.9
	Jan-June	3,777	17.1	3,900	18.9	3,774	21.6	2,144	17.5	1,329	14.1
Sales & marketing	Jan-Mar	1,794	15.4	2,114	19.9	1,803	19.8	1,263	19.1	898	19.3
	Apr-June	1,798	17.3	1,669	16.6	1,576	18.9	1,169	20.9	945	20.0
	Jan-June	3,592	16.3	3,783	18.3	3,379	19.4	2,432	19.9	1,843	19.6
Production	Jan-Mar	2,031	17.5	1,784	16.8	1,606	17.6	1,090	16.5	680	14.6
	Apr-June	1,811	17.4	1,759	17.5	1,443	17.3	968	17.3	697	14.7
	Jan-June	3,842	17.4	3,543	17.1	3,049	17.5	2,058	16.9	1,377	14.7
Accounting	Jan-Mar	1,948	16.8	1,665	15.7	1,308	14.4	1,095	16.5	1,028	22.1
	Apr-June	1,706	16.4	1,406	14.0	1,267	15.2	941	16.8	971	20.5
	Jan-June	3,654	16.6	3,071	14.9	2,575	14.8	2,036	16.7	1,999	21.3
Computing	Jan-Mar	1,289	11.1	1,042	9.8	842	9.3	443	6.7	357	7.7
	Apr-June	1,065	10.2	1,174	11.7	738	8.8	518	9.3	277	5.8
	Jan-June	2,354	10.7	2,216	10.7	1,580	9.0	961	7.9	634	6.8
General management	Jan-Mar	343	2.9	396	3.7	348	3.9	313	4.7	206	4.4
	Apr-June	361	3.5	333	3.3	334	4.0	360	6.4	191	4.0
	Jan-June	704	3.2	729	3.5	682	3.9	673	5.5	397	4.2
Personnel	Jan-Mar	307	2.6	249	2.3	186	2.0	164	2.5	113	2.4
	Apr-June	231	2.2	270	2.7	249	3.0	104	1.9	107	2.3
	Jan-June	538	2.5	519	2.5	435	2.5	268	2.2	220	2.3
Other	Jan-Mar	1,870	16.1	1,415	13.3	985	10.8	1,061	16.0	752	16.1
	Apr-June	1,705	16.4	1,495	15.0	981	11.8	574	10.3	845	17.8
	Jan-June	3,575	16.2	2,910	14.1	1,966	11.3	1,635	13.4	1,597	17.0
Total	Jan-Mar	11,624	100.0	10,637	100.0	9,100	100.0	6,617	100.0	4,658	100.0
	Apr-June	10,412	100.0	10,034	100.0	8,340	100.0	5,590	100.0	4,738	100.0
	Jan-June	22,036	100.0	20,671	100.0	17,440	100.0	12,207	100.0	9,396	100.0

The 1985 April-June total, although following the usual pattern by being lower than the previous three months' total, was still up on the second quarters of the preceding four years.

Before taking the overall figures as meaning that everything in the UK economic garden is lovely, however, readers should perhaps look at what has happened in the particular job categories.

Demand for research, development and design people, for instance, might seem important for a country whose Government puts much hope in high-technology innovation but this year so far the R and D category's share of the total advertised demand is at its lowest since 1981.

The fall between 1984 and this year in the April-June demand for computer people raises similar questions when account is taken of Hay-MSL's findings on the variations in demand from industry to industry (which are not indicated by the table).

"In the high technology industries," the consultancy says, "executive demand has slackened off noticeably in the past year and by around 37 per cent over the past six months." The decline has apparently been especially pronounced in the small-components area

The industries showing increases are energy, mainly oil and nuclear, with a rise of 24 per cent since the end of 1983; and retailing with a corresponding increase of 37 per cent.

But when we turn back from industry variations to the job-category trends shown in the table, we find that the group with the steadiest increase in market share since 1981 is "others"—whereby, as I said, hangs a tale.

Coleridge, at least, would not have been pleased to learn that the others category includes relatively large numbers of economists. That, however, may not be the worst portent.

Hay-MSL finds that the increased demand for others—25 per cent up over the past year—is attributable almost entirely to the recruitment of management consultants or people for conversion into same both by conventional consultancies and groups of professional accountants.

Air lawyer

RECRUITER Ted Gorman seeks a qualified legal adviser for the aviation subsidiary of a UK group he may not name. So he promises not to identify applicants who so request to his client.

Candidates should be demonstrably adept in all aspects of law affecting commercial operation of aircraft. Salary about £25,000. Car among perks.

Inquiries to Edward Gorman and Associates, NEM House, Newland, Lincoln LN1 1XG; telephone 0400 30345.

Syndication Manager

New Issues

to £35,000 + Package

We are acting for a major European banking group with a substantial reputation in the international capital markets and a successful track record in the management of new issues.

Substantial growth has created the need to appoint a Manager to assume control of a small but expanding syndicatinns team. Reporting to the Syndicate Director, the role will require active participation in the daily running nf the department and the pricing nf issues.

The ideal candidate must have a sound knowledge of the Eurobond markets and currently will be working in syndications or possibly sales or trading with a notable securities house. Attractive career prospects are available to someone with the requisite ability and flair to succeed in this challenging role.

The salary is fully negotiable and a competitive benefits package will include a performance related bonus scheme. Interested applicants should contact Jonathan Williams on 01-404 5751 or write to him, enclosing a comprehensive curriculum vitae, at 23 Southampton Place, London WC1A 2BP, quoting ref. 3530.

MP

Michael Page City

International Recruitment Consultants—London Brussels New York Sydney

A member of the Addison Page PLC group

Managing Consultant

Citibank, the world's premier Financial Services Organisation, is expanding its Global Cash Management Consulting team in London.

We are looking for a Managing Consultant to manage a team of professionals responsible for the marketing and delivery of the bank's cash, exposure and treasury consultancy services throughout Europe, the Middle East and Africa.

Based out of London, you will manage the consulting and marketing requirements of the bank's institutional clients in a given geographic region. Such requirements cover all aspects of Treasury Management, from the establishment of Offshore financial vehicles and Multilateral netting systems for sophisticated multinationals to advising corporations on the most efficient techniques for cash and exposure management.

You will have a seasoned knowledge of the foreign exchange markets and of corporate cash and treasury management, gained through at least 5 years' financial experience at a major International bank or Corporate Treasury. You will have marketing skills and possess a broad understanding of the concepts and applications of state-of-the-art electronic banking. You will have a proven track record of managing a team of professionals and feel comfortable with negotiations at a senior level. A knowledge of another European language, particularly German, would be to your advantage.

In return, we are offering an excellent benefits package that will handsomely reflect your experience and qualifications. Please write enclosing full career details to Joanne Noble, Group Personnel Officer, Citibank NA, 336 Strand, London WC2.

CITIBANK

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Greene, King & Sons, plc

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Greene King is an old-established and highly successful, quoted regional brewer with its head office in Bury St. Edmunds.

The founding families are active in the management nf the company and are dedicated to its continued growth and independence.

The present Assistant Company Secretary retires in early 1986 and it is intended to appoint his successor in November 1985.

The successful applicant may, on occasions, be expected to deputise for the Company Secretary and take specific responsibility for a wide range of functions, including the administration of the company's pension funds.

He or she will be a Chartered Secretary with, ideally, a legal qualification and will have current experience of pension fund administration. The position will be particularly attractive to mature candidates, aged between 40-45, who would enjoy providing a very professional management service in a company with an exceptional ambience and situated in an extremely attractive rural location.

There is a fully competitive salary, and benefits include pension scheme, car and relocation assistance.

Please write with full career details to Mr A J Edmondson, advisor to the company, quoting reference 4109.

Inbucon Management Consultants Limited,
Knightsbridge House,
197 Knightsbridge,
Londnn SW7 1RN

INBUCON

Managing Director

Home Counties — ***£60,000 Indicator***

For a £100 million turnover profitable and autonomous market led subsidiary of a very substantial international group, whose style is decisive and direct within a well structured and highly acquisitive framework. Products are of high quality and design and the company occupies a leading position in competitive, fast-moving, price sensitive markets. The appointee will direct and lead the business through a period of carefully planned and far reaching change, with significant investment in manufacturing resources, new products and further market development in key areas. The role carries full profit accountability and the authority necessary to achieve a demanding growth programme. The person appointed will be able to demonstrate outstanding success in a substantial, market led manufacturing company, having held complete profit responsibility for the business and its development.

Age envisaged is under 50.

Strict confidence will be observed.

Male or female candidates should telephone in complete confidence for a Personal History Form or submit a comprehensive CV to A.D. Kelly, **Hoggett Bowers plc**, *36 High Street, Eton,* **WINDSOR**, *Berkshire SL4 6BD*, **07535 50851**, quoting *Ref: 44252/FT.*

Hoggett Bowers

Executive Search and Selection Consultants

BIRMINGHAM, CARDIFF, GLASGOW, LEEDS, LONDON, MANCHESTER, NEWCASTLE, SHEFFIELD and WINDSOR

Opportunity in a major U.S. bank for young ambitious....

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£15-20,000

We are searching for one or more young dealers, (probably aged 23-26) with some 2-3 years experience in money markets trading — the opportunity would be ideal, for instance, for a potential 'high-flyer' within a smaller bank.

As one of the largest U.S. banks with a strong and expanding treasury function, this role will offer involvement in all types of instruments including interbank deposits, CD's, treasury and eligible bills and financial futures.

Most important however, is the young dealer who can innovate within these markets by adopting a more imaginative approach to trading. The bank offers a performance bonus to reward such skills, as well as the normal range of banking benefits.

Interested candidates should contact Kevin Byrne on 01-588 6644 (until 7p.m. on Thursday 1st August) or send a detailed C.V. to the address below — all applications will be treated in the strictest confidence.

Anderson, Squires Ltd.,
Bank Recruitment Specialists,
127 Cheapside,
London EC2V 6BU

Anderson, Squires.

GENERAL MANAGEMENT To £25,000 + Car C. London	This high profile role, with a medium sized trading group, is ideally suited to an ambitious and communicative ACA aged 30-35 who can make an effective contribution as a key member of the general management team. Essential requirements are the ability to implement sophisticated systems and commercial experience at operating company level. Ref: MJH
COMPANY ACCOUNTANT c. £20,000 + Car Middlesex	Are you sufficiently conversant with all aspects of accounting and capable of holding down the most influential position below board level with this prestigious service group? If so, our client would like to meet you. Candidates should be qualified, aged 28-38 and be able to demonstrate the versatility and ambition essential to such an important appointment. Ref: JFH
COMPUTER AUDIT To £20,000 City	A unique opportunity for a young Chartered Accountant to progress rapidly within this major firm. You will have at least two years post-qualification professional or commercial sector computer audit experience and be familiar with a wide range of hardware, coupled with a high degree of technical competence. Senior Manager potential required. Ref: KRJL
GROUP ACCOUNTANT c £20,000 Surrey	An outstanding opportunity which will enable the successful applicant to play a major role in the reorganisation of this leading industrial group as it plans for the next decade. Applications are invited from graduate ACA's aged 27-34 who can demonstrate an appreciation of group accounting matters, good technical skills and the ambition to warrant early promotion. Ref: MJH
VENTURE CAPITAL To £16,000 + car City	Renowned for its investment track record and ability to bring companies to the Stock Market, this Venture Capital Group seeks to strengthen its management team by the appointment of a recently qualified Accountant aged 24-28. Acquisition studies, investment appraisals, the preparatory work for flotations and financial control of subsidiaries combine to form a challenging appointment. Ref: JFH
DEPUTY CHIEF ACCOUNTANT £16,000 C. London	An accomplished Chartered Accountant aged 30-45 with proven line skills gained in a commercial environment is sought by our client, a leader in its sector. You will be responsible for controlling all day-to-day, periodic and statutory reporting matters. A challenging role in a fast moving environment with excellent scope for progression. Ref: KRJL

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College Hill Chambers, 23 College Hill, London EC4R 2RT. Tel: 01 248 7851/8 (24 hours)

International Portfolio Management

European Fund Managers/Analysts

City based — **Salary negotiable**

Our client, a major force in investment management, is currently looking for outstanding young Analysts and Fund Managers to join their European team.

For both positions candidates should ideally have a minimum of two years' European experience in a parallel role and be educated to degree level.

A highly competitive package is offered with salary negotiable depending on experience. Please send a full CV together with the name of any organisation to which your applications should not be forwarded, to: The Managing Director, (Ref: 1462c) Associates In Advertising Ltd., Columbia House, 69 Aldwych, London WC2B 4DX.

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Peter Webb
Marketing Director
CENTURY FACTORS LIMITED
Southbrook House
25 Bartholomew Street
Newbury, Berkshire RG14 5LL

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CORPORATE DEVELOPMENT AND PLANNING

Recently Qualified C.A. — **c.£15,500 + Car**

Our Client, a profitable and progressive international manufacturing Group, (T/O c.£600m.), seeks a recently qualified Chartered Accountant to join their small and closely integrated Corporate Headquarters on the western outskirts of London as a member of the Corporate Development and Planning Department. Responsibilities will embrace corporate planning, investigations and acquisition studies.

Candidates will have qualified recently with a major firm and possess a good degree and professional examination record. They should also have the maturity and personality to relate to senior management in both UK and Europe, together with a desire to establish a career in industry. Analytical and presentation skills are important.

Confidentiality is assured until the job description has been discussed with candidates. Relocation assistance may be considered; employment conditions include BUPA and a non contributory pension. Please send a detailed resumé of your background and career to include current salary and evening telephone number to Christopher Garfit at:

D. BRYAN ANDREWS ASSOCIATES

Executive Search and Management Selection

St. Martin's House, 29, Ludgate Hill, London EC4M 7BQ.

Sales Manager/Trader OTC Market

Our client is a Licensed Dealer in Securities with an expanding clientele subscribing to research material provided by experienced investment analysts.

The corporate plan of our client now calls for the establishment of an OTC sales and trading operation which will be able to take advantage of already planned new issues and the established client list.

Candidates should have experience of the OTC market, have a proven sales record and the energy and determination to build a successful operation.

Salary is by negotiation but it is envisaged that a very good basic salary will be enhanced by a results-oriented commission scheme offering the successful candidate the opportunity to earn a substantial income.

Please contact David Grove—Consultant to the Company. All applications will be treated in strict confidence.

David Grove PARTNERSHIP

170 BISHOPSGATE, LONDON EC2M 4LX TELEPHONE: 01-626 7927/01-283 7451

SENIOR DEALER

Well known European bank is seeking to expand its dealing room and requires a forward/deposit dealer.

Ideally aged between 27-33, the candidate must have at least five years' experience in one or more major currencies.

Attractive salary package negotiable.

Please send c.v. with details of present salary/benefits to:

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Our recent association with Girozentrale Vienna has exciting implications for a firm hitherto best known for its No. 1 rating in the U.K. corporate debenture and preference share markets and its specialisation in limited areas of the equity market.

Girozentrale's consolidated shareholders' funds now exceed £182m while total assets exceed £9 billion. In recent years, the main emphasis has been on developing international investment hanking expertise and the important London branch will shortly he joined by representative offices in New York and Hong Kong.
GE will play an active part in these developments both in the U.K. and internationally. To this end we are seeking both to build upon our established specialisations and to expand into new areas. We intend in addition to cover the Austrian and German markets.
Our equity department would like to hear from sales executives at all levels, particularly those with experience in the oil, retail, food manufacturing and building sectors and from analysts in these or other areas, especially those with an international outlook.
Our convertible department is also scheduled for expansion and we are seeking sales executives/analysts with relevant experience.
Applicants should contact Peter Mills (sales) or Tony Maybrey (research) on 01-628 6782, STX 4899, or by letter to Gilbert Eliott & Company, Salisbury House, London Wall, London EC2M 5SB.
All replies will be dealt with in the strictest confidence.

FRN Trader

Salary negotiable

Our client, a leading UK Merchant Bank with an active presence in the Eurobond market, is currently seeking to develop its FRN trading capacity.

Consequently they wish to recruit an FRN trader, with a minimum of one year's experience to join a successful team looking to further expand its position in a market making role.

The successful applicant will have a sound knowledge of US$ and/or UK£ money market instruments. A flexible approach combined with a direct and positive attitude are essential.

This is an excellent opportunity to progress in a highly professional organisation fully committed to trading.

A highly attractive remuneration package is available and interested applicants should contact **Sally Poppleton** or **Jonathan Williams on 01-404 5751** or write to them, enclosing a comprehensive curriculum vitae, at 23 Southampton Place, London WC1A 2BP, quoting ref. 3528.

MP
Michael Page City
International Recruitment Consultants–London Brussels New York Sydney
A member of the Addison Page PLC group

بنك الرياض
RIYAD BANK
Head Office—Jeddah

Treasurer

This is a senior position with a minimum initial term of two years.

The successful candidate will take responsibility for the Bank's entire balance sheet as well as the development and expansion of the Bank's treasury activities, both domestically and internationally.

As the second largest Saudi bank, with a domestic network of over 130 branches, Riyad Bank is well placed to promote its presence in the international marketplace. Its first overseas branch, in London, commenced operations in early 1984.

Reflecting the importance of this position, candidates will have already achieved an executive treasury position within a major international bank.

Naturally a position of this importance will command a substantial and competitive tax free salary together with a comprehensive benefits package including free accommodation, generous vacation allowance, free health care, and other benefits associated with such appointments.

Those who feel suitably qualified should submit their Curriculum Vitae in confidence to:-
The Chief Manager, Riyad Bank, London Branch
Licensed Deposit Taker, Temple Court
11 Queen Victoria Street, London EC4N 4XP.

TRUST ADMINISTRATOR

Luton to £12,000 pa

Ernst & Whinney is one of the largest and fastest growing international firms of Chartered Accountants. As a result of further business development we can now offer in our Luton office an interesting and challenging opportunity in Trust Administration.

Responsible for a diverse portfolio of clients, you will be a member of the Institute of Bankers (Trustee diploma) or otherwise suitably qualified, upwards of 25 and possessed of a keen sense of commercial awareness.

The candidate who demonstrates the necessary progress and commitment will find that prospects of management in the short/medium term are good.

Applicants should write in strict confidence, enclosing full CV to Robin Dunlop, Ernst & Whinney, 65 Park Street, Luton LU1 3JX.

E&W Ernst & Whinney
Accountants, Advisers, Consultants

PRIVATbanken seek Personnel Officer for new appointment

Continued expansion and growth has led PRIVATbanken Limited, a subsidiary of the leading Danish Bank in London, to seek a professional Personnel Officer to manage its personnel affairs.

The incumbent will report to the Head of Operations but to reflect the importance of the role, it is envisaged that a functional reporting line will be established to the Chief Executive. The duties are varied and will include recruitment, benefits administration, staff counselling and the maintenance of personnel records.

The ideal candidate will be professionally qualified, aged 25+, and will have had experience in a Financial Institution or similar environment. The ability to communicate effectively with all levels of staff and to work largely on your own are necessary.

The salary is negotiable and will be supplemented by a banking benefits package.

Applicants should write, enclosing a full CV, to: Mr. R. W. Walters, Head of Operations, PRIVATbanken Limited, 107 Cheapside, London EC2V 6DA.

PRIVATbanken
The Danish frontrunner in International Banking

LEASING EXECUTIVE BRANCH MANAGER

SALARY NEGOTIABLE

Rapidly expanding American finance company seeks applications from suitably qualified individuals.

Please write with c.v., in strict confidence, to
Box A9092, Financial Times
10 Cannon Street, London EC4P 4BY

Fund Manager

Private Clients

Harrogate **£17-20,000 + car**

Our client is a newly established financial advisory and management company. Under a well proven management team with an enviable track record it already has substantial private client portfolios in addition to a quoted Investment Trust. It is anticipating a significant increase in funds under management within the next year.

This challenging and responsible position calls for a thorough understanding of clients needs and personal communication skills. It will be of obvious appeal to candidates aged c.45/50 with relevant experience seeking further responsibility in a growing organisation which views the opportunities presented by the coming City revolution with great confidence. Younger applicants, aged c25/30, with demonstrable experience will also be considered.

Salary is negotiable and assistance will be given to relocate to this most attractive part of Yorkshire.

Please write in confidence with full CV or phone David Tod BSc FCA on 01-405 3499 quoting ref: D/276/HF

Lloyd Management
125 High Holborn London WC1V 6QA Selection Consultants 01-405 3499

Broker

Financial Futures

Morgan Futures Corporation requires an experienced institutional futures broker, preferably a graduate. Fluency in European languages will be a definite advantage. You will be a self-starter, showing high energy and motivation.

You must have the ability to build sound professional relationships to generate additional business from the bank's extensive client base.

The remuneration package is negotiable to truly reflect your experience and potential. Benefits include profit-sharing bonus, mortgage subsidy, non-contributory pension, life insurance and medical plans.

Career prospects to develop within the bank are excellent.

Send your c.v. to
Geoff Morgan,
Morgan Guaranty Trust Company of New York,
Morgan House,
1 Angel Court,
London EC2R 7AE.

The Morgan Bank

CITY

A vacancy has arisen for 2 trainee brokers. The successful applicants will be aged 23+ and of a smart appearance. No previous experience necessary as full training will be given. *For a confidential interview ring:*

ALAN BIGGS
on 01-283 6800

INVESTMENT BANKING MANAGER

Required to take charge of newly formed subsidiary of expanding banking group with strong Indian base. Knowledge of Gujarati preferred. Salary range £18,000 plus benefits.

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MANAGING DIRECTOR

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The New York Times estimates U.S. institutional brokerage commissions in 1984 at $3 Billion, of which 25% was spent on third-party research and services.

A new company, associated with an established broker, requires a highly motivated individual to plan and execute a successful sales campaign aimed at institutional investors in the U.K. and on the Continent. The objective is to identify clients' needs for third-party services and interface with products, originating mostly in the U.S.A.

The ideal candidate will be well acquainted with the major financial institutions and have the ability to take advantage of this rapidly expanding market.

Potential to increase base earnings significantly.

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Ideally applicants should have been working for a member firm for at least 2 years, preferably in a Private Clients department, and should be aged 23-32. The successful applicants will be expected to service existing Heseltine Moss & Co. clients and must be prepared to meet clients in person on a regular basis.

Please apply in writing with CV to:
A. F. Smith (Administration Partner)
Heseltine Moss & Co.
30/31 Friar Street
Reading RG1 1AH

Please indicate preferred location with application

The UHDE Group with various subsidiaries and affiliates around the world, ranks amongst the world's leading chemical engineering contractors. It's UK subsidiary – UHDE LIMITED is now looking for a

Finance Manager

Your task: development and execution of middle and long term financing, including cash management. Handling of tenders, offers, contracts and shipping documents, guarantees and credit insurances procedures with ECGD.

We expect: You to hold relevant business and commercial qualifications, preferably several years commercial experience in a Chemical Engineering environment or associated banking background.

We offer: Excellent salary and all the benefits associated with a large international group, possibility of overseas travel, modern place of works.

If you are interested in this post, please apply, enclosing details of previous experience, qualifications and salary to:

Dr. G. Zacher, Managing Director, UHDE Limited, Hoechst House, Salisbury Road, Hounslow, Middlesex, TW4 6JH.

UHDE

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Write Box A9087, Financial Times
10 Cannon St. London EC4P 4BY

CORPORATE FINANCE EXECUTIVE

to join the expanding Corporate Finance department of a recently formed merchant banking and financial services company.

The person will be an ambitious and enthusiastic graduate aged between 25-30 with a minimum of two years' experience in the Corporate Finance department of a merchant bank or stockbrokers.

The activities of the department, which involve both UK and international clients, include providing advice on company incorporation and financial structure, private placements, divestments, acquisitions and mergers and the raising of debt and equity finance. Some travel is likely.

Salary is negotiable in the region of £15,000 p.a.

Please reply with curriculum vitae to: Box A9085
Financial Times, 10 Cannon Street, London EC4P 4BY

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Accountancy Appointments

Assistant Manager Corporate Lending

To £18,000 + car

Our client is one of the major British financial organisations, with assets employed of over £1,000m.

A vacancy has arisen at the Group's head office in London for a senior executive with substantial experience in the assessment of credit worthiness, particularly in commercial lending. As the Number 2, you will deputise for the Manager in his absence and, as a member of various Credit Management Committees, you will assist in controlling and monitoring the credit policy within the Group. Additionally, you will have authority to approve loans at the highest level.

You must be professionally qualified, e.g. A.I.B., A.C.I.S., or in Accountancy and, ideally, be aged around 35.

The overall benefits package is attractive, and includes a non-contributory pension, a share arrangement, assistance with a mortgage and, if necessary, with relocation expenses.

Please write, in strict confidence, enclosing CV and quoting ref. 322, to Douglas Atkins.

DBA ASSOCIATES LTD. Management & Recruitment Consultants, 19 Britton Street, London EC1M 5NQ. Telephone: 01-250 0003

Financial Accountant

c £17,000 + Car **Windsor**

Our client is a profitable and progressive firm based in Windsor and well known for its design and world-wide marketing of innovative computerised banking systems.

Recent expansion and encouraging trends have created a new vacancy for a fully qualified financial accountant to manage the company's accounting affairs and assist in its growth.

The main responsibilities of the post are to provide essential accounting controls and to utilise the fully computerised systems so as to produce meaningful financial information for strategic management.

Candidates must be familiar and comfortable with computerised systems. A meticulous and industrious approach combined with energy and commercial acumen will make for success in this friendly and business like firm.

The starting salary will be around £17,000 p.a. plus bonuses. Other benefits include a car, contributory pension scheme and private health insurance.

Applicants able to travel daily to Windsor should send a full c.v. quoting ref. 1418 to:

BinderHamlyn MANAGEMENT CONSULTANTS
Trevor Austin, Executive Selection Division
Binder Hamlyn Management Consultants
8 St Bride Street, LONDON EC4A 4DA

GROUP FINANCIAL CONTROLLER

North London **From £20,000 + Car**

Our client is the leading manufacturer and distributor of high-quality self-assembly furniture units.

They are now eager to appoint a Senior Financial Executive, who will assume responsibility for the day-to-day running of the finance and administration function.

Candidates for this appointment will be ambitious, qualified accountants in their 30's, who have a minimum of three year's post qualification experience, gained in a well run manufacturing environment.

Written applications, in strictest confidence, should be submitted to Neil Gillespie or Colin Vasey at our London address, quoting reference number 5475.

410 Strand, London WC2R 0NS. Tel: 01-836 9501
26 West Nile Street, Glasgow G1 2PF. Tel: 041-226 3101
113/115 George Street, Edinburgh EH2 4JN. Tel: 031-225 7744
Brook House, 77 Fountain Street
Manchester M2 2EE. Tel: 061-236 1553

DOUGLAS LLAMBIAS
Douglas Llambias Associates Limited
Accountancy & Management Recruitment Consultants

International banking with PRIVATbanken

Continuing growth in the UK market has created an exciting opportunity for a qualified credit analyst to join the expanding UK business development team of PRIVATbanken Limited, a subsidiary of the leading Danish Bank in London.

Applications are invited from analysts aged 23-27 who have strong credit analysis ability and experience of assessment of UK corporate borrowers.

An attractive remuneration package is being offered, with good promotion opportunities for the right candidate.

Applicants should write, enclosing a full CV, to: Personnel Department, PRIVATbanken Limited, 107 Cheapside, London EC2V 6DA.

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Financial Controller

Circa. £16,000

We are a rapidly growing strategic and general management consultancy with offices in both the UK and the USA and a total of 30 professional staff.

We are looking for an energetic ACA or ACMA in his/her mid to late 20s to take full responsibility for our computerised accounting function.

A shirt-sleeve approach and a desire to make a significant contribution to the continuing growth and development of our business are essential pre-requisites for this job.

Pay, including estimated income from the company profit-share scheme, is circa £16,000.

Please write, including a c.v., to Mike Hudson, The Addison Group, 39 Harrington Gardens, London SW7 4JU, by August 12 at the latest.

STRATEGIC MANAGEMENT CONSULTANTS
THE ADDISON GROUP

accountancy personnel
Placing Accountants First

FINANCIAL DIRECTOR (DESIGNATE)

WEST LONDON **TO £25,000 + CAR**

Our client, Holborn Law Tutors, is the leading private legal college in Britain, and with its associated parallel operations, based in Central London and Overseas, makes up a forward-looking and highly successful private group with ambitious expansioo plans.

This is an exceptional career move for an energetic, personable and computer-literate qualified Accountant, aged 30-40, capable of taking responsibility for the whole financial spectrum and with the personality and self-confidence to deal with the Group's advisors, etc.

If you consider that you have the necessary personal and technical qualities to fulfill this newly created role, please reply in writing to the address below quoting Reference DRW/32 or telephone for an application form.

01-638 3955
63/65 Moorgate, London, EC2R 6BH

32 offices throughout the UK plus Australia and USA

International Appointments

Manager Northern Europe
Banking/Financial Systems

Our client is a computer manufacturer whose products can handle high numbers of terminals which access large databases in on-line multiprocessing environments.

After three years in Europe they are firmly established in specific vertical market sectors where their products support Banking and other Financial Institutions and Libraries as well as the more technically demanding areas which utilise networked configurations.

They now wish to recruit a Senior Industry Professional to manage their Northern European business activity.

The Manager Northern Europe will have responsibility for ensuring continued company growth in Benelux, Germany, Switzerland and Scandinavia.

This will require definition and implementation of Sales, Marketing and Support plans throughout the territory from an Amsterdam base.

Employees comprise Sales and Marketing, Finance, Support and Services Managers leading teams of experienced staff.

The Manager Northern Europe responds to the European Vice President residing in the UK and reporting to the parent in continental North America.

Applicants for this Senior Management position should be between 35 and 45 and will be experienced in the following:

- **Sales/ Marketing Management**
- **Banking & Financial Markets**
- **Major Account Management**
- **Budgetary Control and Business Reporting**
- **Contract Negotiation**

Our client seeks a person who shows an aggressive approach to business growth management but where this quality will be moderated by experience and professional maturity.

The successful candidate will be offered a benefits and relocation package that will reflect status and the contributions made in maintaining and increasing the company's penetration of the European market-place.

Telephone Rex Ashcroft during working hours on Amsterdam +3120429828 or +3120761916 in the evenings, or send your CV to him at Ashcroft Recruitment Management bv, P.O.Box 7013, 1007 JA AMSTERDAM, Holland if you prefer quoting ref. 543.

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Please send your detailed job application to : **Chiffre P-03-990228 Publicitas, 8021 Zurich, Switzerland.**

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Location is Auckland.

The firm has an outstanding reputation for it's work in all facets of the profession and has a large private and commercial client base. Partners will work closely with the successful applicants and there are experienced staff solicitors to handle the detail such as will drafting, estate administration, etc.

These positions will appeal strongly, either to expatriate New Zealanders, or to solicitors who satisfy the current regulations covering permanent residence in New Zealand.

Experience in general practice with specialisation in the areas mentioned would be an appropriate background. Age is likely to be 30's to early 40's. The income will be high, leave is generous, and there is an attractive sabbatical leave scheme.

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Initial interviews will be conducted in London by Mr N.L. Godden, our Managing Director, who would require resumes and applications before August 5th C/- Migration Branch, NZ High Commission, NZ House, Haymarket, London SW1Y 4TQ, or leave a message at telephone (01) 930-8422.

Mr Godden will also be prepared to discuss more junior positions in the firm with younger, qualified practitioners.

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For successful candidates we plan to offer an initial salary within a range of HK$150,000 to HK$180,000 a year. In addition, there is an attractive bonus scheme. Thereafter, if you prove to be successful, you can expect fairly rapid escalation of remuneration.

Those interested please write to Box A9082
Financial Times, 10 Cannon Street, London EC4P 4BY

Accountancy Appointments

Head of Finance

Communications

c £27,000 + Car

London

The company markets and sells a range of business products and services in the high technology communications sector. Autonomously managed, it has the support of a substantial British parent group. This market leader has an impressive record of growth and is on target to achieve a turnover of £50m this year.

The Head of Finance will be expected to make a substantial contribution to strategic planning and the commercial management of the business. The priorities will be closer inter-action between finance and other functions, together with the introduction of new information and control systems. The person appointed will also represent the organisation to external bodies.

You should be a qualified accountant probably aged between 35 and 40. Your experience will include leading an accounting function and ideally exposure to manufacturing and marketing led companies. Success in this role will be determined by effective communications and indepth intellectual abilities and the determination and organisational skills to manage change.

Please reply in confidence, giving concise career, personal and salary details, quoting Ref. ER802, to Heather Male, Executive Selection.

Arthur Young Management Consultants, Rolls House, 7 Rolls Buildings, Fetter Lane, London EC4A 1NH.

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With responsibility to the Chairman, the prime task will be to exercise stringent financial and treasury control, to ensure the achievement of profitable growth targets, both organically and by further acquisitions. Other essential areas of responsibility will include the negotiation of funding, currency management and securing ECGD cover. The finance function is well managed and largely decentralised.

Candidates should be Graduate Chartered Accountants in their forties with a high level of relevant industry exposure internationally, a respected reputation in the City and the all round fitness necessary to match this demanding role. The salary is negotiable from £35,000 pa plus car and a good benefits package.

Please write in confidence, with full career details and quoting reference B6564/L to J W Hills, Executive Selection Division, Peat, Marwick, Mitchell & Co, 165 Queen Victoria Street, Blackfriars, London EC4V 3PD.

PEAT MARWICK

NEWLY ACQUIRED ACCOUNTANCY APPOINTMENTS

The Financial Times has arranged with the Institute of Chartered Accountants to publish a list of those candidates who were successful in the recent Part II examinations.

We propose to publish the list in our issue of Thursday, September 26, which will also contain several pages of advertisements under the heading of "Newly Qualified Accountancy Appointments." The advertising rate will be £37.00 per single column centimetre. Special positions are available by arrangement at premium rates of £44.00 per scc. Newly Qualified Accountants especially Chartered, are never easy to recruit — don't miss this opportunity!

We will also be including in this feature a

GUIDE TO RECRUITMENT CONSULTANTS

and entries in the guide will be charged at £55.00 which will include company name, address and telephone number.

For further details please telephone:

ROBERT WINTER on 01-236 9763

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LOUISE HUNTER on 01-248 4864

FINANCIAL TIMES

EUROPE'S BUSINESS NEWSPAPER

Tax Accountants

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Caroline James, Geophysical Service International, Texas Instruments Ltd., Manton Lane, Bedford. MK41 7PA.

Geophysical Service International

A DIVISION OF TEXAS INSTRUMENTS

Accounting & Reporting Manager Europe

West of London

c£25,000 plus Bonus plus Executive Car

Our client, a multinational computer manufacturer rapidly moving up the Fortune 500 ranking, regards London as the financial data collection centre of its European network of subsidiaries and distributors.

Impressive recent expansion has taken this function into the mainstream of management and it is now necessary to appoint an internationally-minded manager to set up and maintain a regular flow of monitored and interpreted information firstly to the European Director of Finance and thence to the parent board in the USA.

The American dimension is such that applicants will need to have spent at least five years in a US multinational, quite apart from being professionally qualified preferably with a degree or a post-qualification diploma. Wide accounting skills, knowledge of American and European tax systems, the development of company financial policy, liaison with marketing, forecasting, and far-reaching analytical and reporting functions outline the variety of work.

Open to all EEC nationals with fluency in English and at least some understanding of another European language, this position is based West of London but cannot be described as deskbound given the involvement with European subsidiaries.

Our client is happy to negotiate a starting salary circa £25,000 plus bonus. An excellent benefits and incentive package is in operation which includes an executive car and private medical insurance.

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Send a detailed c.v. quoting ref No. C141 to Roger Juniper, Juniper Woolf & Partners Ltd., 22 New Concordia Wharf, Mill Street, London SE1 2BB. Please list in a covering letter any organisation to whom your application should not be forwarded.

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Finance Director

London **c. £40,000**

Our client is an Offshore Service & Engineering Group with a turnover of approximately £50m.

We are looking for a qualified Accountant who possesses good financial control skills and who has considerable credibility with banks and institutions.

The ideal candidate will be a 'down to earth', commercial and forward thinking person who can get involved at all levels and project the impact of events on profitability and cash flow. He, or she, will probably be aged under 45.

This is a marvellous opportunity to join an exciting and progressive company at a critical stage of its growth. Equity participation and normal other benefits provided.

If you would like to discuss this appointment in greater detail, please write to Robin Fremantle, enclosing your CV:

FREMANTLE & CO.
Personnel & Recruitment Consultants

1st Floor, 43/44 Albermarle Street, London W1X 3FE.

Finance and Administration Manager

Wiltshire : c. £15,000

The Management Services Division of W.H. Smith & Son Limited provides a comprehensive range of services to the Group.

The successful candidate will be one of four senior Managers reporting to the Divisional Director and will be responsible for the division's financial and management accounting requirements, as well as undertaking budgetary and corporate accounting work and fulfilling an administrative/secretarial function.

The key requirement is for a young qualified accountant with knowledge of financial and management accounting systems, computer techniques and applications — including financial modelling, team leadership and good communication skills. The ability to understand and interpret the broader issues affecting the division is essential.

This is an ideal opportunity to gain further exposure within a demanding environment that offers excellent career development potential throughout the group. In addition, the reward package includes a non-contributory pension and relocation assistance to this buoyant and accessible area.

Please apply in writing giving details of age, experience, qualifications and current salary to: The Personnel Officer, W.H. Smith & Son Limited, Bridge House, 45 Faringdon Road, Swindon, Wilts, SN1 5AU.

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Middlesex

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Dependent on your experience, you'll be able to command a salary of up to £18,000, plus an attractive range of large-company benefits. For further details, contact David Frusher on 01 439 1771, or write, enclosing a comprehensive curriculum vitae to 6/8 Sackville Street, London W1X 2BR.

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Candidates, aged 30-40 years, should be fully familiar with the computerised production of management accounts and financial analyses to tight time schedules in a medium sized company, preferably in f.m.c.g. They should have high level analytical and entrepreneurial skills and be able to make a valid contribution to the running of the business.

Write, with a detailed C.V. to David Burns, B.Sc, F.Inst.D. Management Search, Coppice House, Bowden Hill, Lacock, Chippenham, Wilts SN15 2PP. Tel: 0249 73253.

Management Search

Executive Search & Selection Consultants

CHIEF ACCOUNTANT — BANKING

We are a small licensed deposit taker and exempted dealer, specialising in private investment management. We are looking for a mature qualified accountant to look after all aspects of our accountancy, book-keeping, Bank of England supervision, company secretarial and taxation affairs. The job is located in our unique City office and the appointee would report directly to the chief executive. A willingness to undertake some of the detailed work of his department is essential.

A background in banking, finance or another equivalent City discipline would be desirable. An understanding of the computerisation of book-keeping and portfolio management would also be an advantage.

Salary range £15,000-£20,000, depending on experience; normal benefits package, including car.

Please apply with CV to:

Philip Cassidy

FEDERATED TRUST CORPORATION LTD

1 Love Lane, London EC2V 7JJ

UNIVERSITY OF WARWICK

Lectureship in Accounting and Finance

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Preference will be given to applicants with a broad range of interests and teaching experience.

The appointment will be made on the Lecturer scale: £7,190-£14,125 p.a. (under review). *Starting date for the appointment will be negotiable.* Application forms and further particulars from the Registrar, University of Warwick, Coventry CV4 7AL, quoting Ref. No. 51/2A/85/M. Closing date 22nd August 1985.

Accountancy Appointments

Financial Director
Construction
up to £25,000 p.a. + car **City**

Ashby & Homer Limited, the City construction company (T/O c.£35 millions) wishes to appoint a Financial Director to reinforce its financial management and strategic development resources. Reporting directly to the Managing Director, and functionally to the Financial Director of tha Holding Company, the Financial Director will make a practical input to management thinking and be fully responsible for the accounting control of the Company, assisted by a small and able staff and backed up by significant computer power.

The appointment will appeal to qualified accountants with experience at senior level on the financial side of the construction industry. Age indicator: 33 to 40 years.
Salary negotiable up to £25,000 p.a., car provided and benefits usual in a major company. Assistance with removal expenses if required.

Please write stating age, current salary and how you meet the Client'a requirements, quoting reference 143 on both envelope and letter. No information will be disclosed without permission.

William MILNER
Management & Selection Consultant

Spencer House, 3 Spencer Parade, Northampton NN1 5AA. Tel: Northampton (0604) 21051.

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Please apply with a comprehensive c.v., stating present emoluments, to Peter Barnes, Recruitment Officer, U.K. Personnel Services, Standard Chartered Bank, 10, Clements Lane, London, EC4N 7AB.

Standard Chartered

ACCOUNTANTS FOR MANAGEMENT CONSULTANCY
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However, before we tell you more, we'd like to know why you think you're special. So please write to Michael Hurton at the address below, including details of your career to date and your salary history, quoting raference 2298.

Touche Ross
The Business Partners
Hill House 1 Little New Street London EC4A 3TR Tel: 01-353 8011

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Many of the senior management positions in the group have been filled in the past from members of the central team and the position therefore offers enormous scope for an ambitious and energetic accountant.
The successful applicant, male or female, will be a chartered accountant, 30–35 with a good academic background and progressive experience in practice and industry.
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Applications should be made to:

The Financial Director,
HANSON TRUST PLC,
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London SW3 1HF.

Group Accountant
c£17,000 + Bonus + Car **West End**

Our client, an asset financing and investment group, is looking for a Group Accountant. This is a new appointment and the successful candidate will report to the Managing Director. There are real prospects for personal development.

Tha main responsibilities of the post will include the management of the group's accounting and finance functions, as well as computerisation. The job holder will also manage a small but active property administration department. A substantial contribution to the commercial development of the group's business is axpected.

Candidates, men or women, should be qualified accountants, aged 28-35 who have a good understanding of commercial realities, preferably with some experience in the financial services market. They should be independent, self-motivated and able to develop further the group's accounting systems to meet the requirements of this expanding business. They should be able to manage a small team. Experience with computers is essential.

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Please write, stating how you meet these requiremants, quoting ref 1424 to:

BinderHamlyn
MANAGEMENT CONSULTANTS
Anne Knell, Executive Selection Division, Binder Hamlyn Management Consultants, 8 St. Bride Street, London EC4A 4DA.

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Please telephone for an application form or write enclosing full career details and an indication of your current earnings to Janet Stapley, Personnel Officer, Bayer UK Limited, Bayer House, Strawberry Hill, Newbury, Berkshire.
Telephone: Newbury (0635) 39000.

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to £20,000 Central London

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The task is in part to provide timely management information; but the emphasis will be on the interpretation of marketing and operational performance, on investigation, control, and helping the division to maximise its returns. Experience in a profit oriented organisation using modern computer based systems is essential and familiarity with shipping, freight, retailing or travel would be useful. The positions will appeal especially to qualified accountants or MBA seeking commercial involvement and the opportunity to move into line management.

Please send a cv with full details of your career and present remuneration to:

Mrs E. F. Donnelly
Personnel Manager
British Ferries Ltd
20 Upper Ground, London SE1

SEALINK BRITISH FERRIES

FINANCIAL CONTROLLER
Salary £18-20,000 p.a.

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Reporting directly to the company secretary, additional responsibilities will also include assisting on the secretarial and other administrative areas.
Benefits include company car, BUPA, and season ticket loan.
Please send curriculum vitae to:
Mr. T. D. Cansick
CLOSE BROTHERS LIMITED
36 Great St. Helen's, London EC3A 6AP

Taxation Accountant
c£20,000 + Car **Essex**

This is an opportunity for a taxation specialist to join a British multinational whose extensive worldwide manufacturing and trading activities create a very wide and sometimes complex range of taxation problems.

The responsibilities will relate to corporate taxation with particular reference to advisory work at Corporate Centre and in the subsidiaries; work on double tax relief situations; provision of tax information for management reporting purposes; involvement in computerisation of the Group's tax affairs; computation of liabilities and negotiation with the Inspector; and interpretation of new tax legislation, case law and accounting standards.

Applicants should be chartered accountants with at least two years post qualification experience in the tax department of an industrial group or the profession. Medium term prospects are not necessarily confined to the tax department.

Please apply in confidence quoting ref. L 191 to:

Brian H Mason,
Mason & Nurse Associates,
1 Lancaster Place,
Strand,
London WC2E 7EB.

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ASSISTANT MANAGER
Corporate Accounting c.£16,000

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Help us confront the challenge of change. Please write, including a full cv, to Brendan Keelan, Personnel Manager, BOC Limited, PO Box 39, Great West House, Great West Road, Brentford, Middlesex TW8 9DQ.

Share the Challenge of Change

BOC

Financial Manager
Southern England *c£23-25,000 + car*

A profitable subsidiary of a well known overseas parent engaged in the manufacture of sophisticated communications equipment now seek a qualified accountant and capable manager for their expanding international operations.

The role will place strong emphasis on staff management and the development of financial systems and management reports. Controlling a department engaged in financial and management reporting, responsibilities will also encompass supervision of several overseas operations which will afford the opportunity for occasional foreign travel.

Qualified to ACA, ACCA or ACMA level and probably aged between 33-45, candidates should have experience of running a sizeable accounts department, ideally within an international trading or manufacturing company. Well developed man-management and communicative skills are most important.

Excellent conditions of employment are offered which include a generous relocation package. The company can offer a sound future in a well-established and successful business.

Please apply in confidence with a full CV and quoting reference MCS/2013 to Peter Forrester, Executive Selection Division, Price Waterhouse, Thames Court, 1 Victoria Street, Windsor, Berkshire SL4 1HB.

Price Waterhouse
Business Needs Experts.

FINANCIAL CONTROLLER
c. £25,000 plus car

Cambridge Life Sciences plc is an expanding biotechnology company producing and selling diagnostics worldwide in the human and animal health markets.

The position of Financial Controller reports to the Chief Executive as a key member of the management team and will have full responsibility for all financial and administrative affairs.

Prime responsibilities will include the provision of accurate financial information to senior managers, a major role in the planning/budgeting process and the development of effective costing systems.

Candidates should be qualified accountants preferably, but not necessarily, with experience in the health care or related industries. The candidate should possess energy, drive and the communication skills necessary to make a valuable contribution as a member of a small creative management team. Age 30-45.

Please reply in confidence, giving concise personal and career details, to:

Mr. Howard Thomas, Chief Executive
CAMBRIDGE LIFE SCIENCES plc
Cambridge Science Park, Milton Road, Cambridge CB4 4BH

SECTION II – COMPANIES AND MARKETS

FINANCIAL TIMES

Thursday August 1 1985

AMC dives to $70m loss on weak demand

BY PAUL TAYLOR IN NEW YORK

AMERICAN Motors (AMC), the fourth largest U.S. car maker, yesterday posted a much larger than expected $70.4m second-quarter net loss, which it blamed on continuing weak demand for small cars.

At the same time AMC, which is 46 per cent owned by Renault, revealed that it has sold the French state-owned car group $50m of 11.25 per cent subordinated convertible debentures which mature in five equal installments between 1991 and 1995 and are convertible into AMC common stock at $5 a share. The move is likely to prove controversial in France, where Renault's unions have already criticised funding for AMC.

AMC's second-quarter loss, equivalent to 66 cents a share, compares with a net profit of $4.7m or 2 cents a share in the year-ago period and came on sales which fell by 9.5 per cent to $361m from $1.06bn.

Wall Street had been expecting a loss, but substantially lower than that reported. The deficit tops AMC's previous record loss of $29m in the 1985 first quarter and pushes the first-half loss to $99.4m or 95 cents n share on first-half sales of $1.88bn compared with e net profit of $9.8m or 5 cents n share on sales of $2.14bn in the 1984 period.

AMC noted that combined worldwide car and Jeep sales rose by 9 per cent from the first quarter level to 97,364 – but were still 14 per cent lower than the corresponding period a year ago.

The group added that higher marketing costs, coupled with a write-off of tooling for a planned model that was dropped, together with termination costs led to the increased loss in the second quarter.

Mr Jose Dedeurwaerder, AMC's president and chief executive, said: "As weak demand for sub-compact cars continued to produce disappointing results in the first half, we took several important actions to improve our ongoing financial performance.

"To offset the decreased market for sub-compact cars we have brought dealer stocks and production rates in line with current market volumes. We also have renegotiated our labour contracts at our Wisconsin facilities to bring our wage rates, benefits and work rules into line with those of other domestic manufacturers. We took firm steps in May and June to substantially reduce our administrative expense."

Banco di Roma to raise L280bn

By Alan Friedman in Milan

BANCO di Roma, Italy's fourth largest state bank, yesterday announced plans for a L280bn ($150m) rights issue which will be used to increase the Rome-based bank's capital.

Banco di Roma, which is 88 per cent owned by the IRI state holding group, is one of three "banks of national interest" controlled by IRI. The other two are Banca Commerciale Italiana and Credito Italiano. IRI will today discuss plans to place 13 per cent of Banca Commerciale with investors in Italy and abroad.

The bank's capital base is to be lifted from L280bn to L420bn as a result of the rights issue, which will be largely taken up by IRI. Those shareholders who hold 12 per cent of the bank's shares on the Milan Bourse will take up a commensurate portion of the issue. Half of the proceeds will go to the capital increase, the other half into bank reserves.

The bank will issue 28m new shares with a par value of L5,000 at n price of L10,000 per share. This represents a 37.5 per cent discount on yesterday's Milan Bourse share price of L16,000. Shareholders will be able to subscribe for one new share for every two already held.

Banco di Roma closed 1984 with total deposits of L42,252bn and net profits up by 15.6 per cent to L40bn.

Bethlehem Steel turns in second-quarter profit

BY WILLIAM HALL IN NEW YORK

BETHLEHEM Steel, the third biggest U.S. steel producer, returned to profit in its second-quarter, earning $20.4m after a first-quarter loss of $62.1m. But the company warns that, for the fourth year running, it expects to report n loss in 1985 as n whole.

Mr Donald Trautlein, Bethlehem's chief executive, says the steel market remains flat because of a continuing heavy influx of foreign steel, a seasonal downturn in certain markets and cautious customer inventory policies. These factors make any improvement in third-quarter shipments unlikely. He says that U.S. domestic steel shipments for the industry will be about 75m tons in 1985 and he expects steel prices to remain weak.

The company earned $24m, or 40 cents a share, in the second quarter of last year. In the latest quarter, the company earned 30 cents a share. During the same period, sales fell from $1.5bn to $1.3bn. For the first half of 1985 Bethlehem lost $41.7m, or $1.10 a share, compared with losses of $30.8m, or 90 cents a share, last year.

Mr Trautlein says: "While we expect to make continued progress in lowering our costs and increasing our productivity, it is likely that we will be unprofitable for the third quarter and year."

● U.S. Steel, the biggest U.S. steel maker, would consider a merger with another domestic group in the same field, according to Mr David M. Roderick, group chairman.

"I would never exclude U.S. Steel from any activity that is legal and moral," Mr Roderick told a press conference.

In February last year, U.S. Steel announced a proposed acquisition of National Intergroup but the merger was called off in March following opposition from the U.S. Justice Department.

Bidermann set to gain French listing

By David Marsh in Paris

BIDERMANN, France's fourth largest clothing group, is raising FFr 150m ($17m) through an issue of new shares and convertible bonds, designed as a prelude to an eventual entry on the stock market.

The company, presently 75 per cent owned by its founder, M Maurice Bidermann, has undergone widespread restructuring measures in recent years, like other big French textile and clothing groups. Last year it registered net profits of FFr 101m, 4.7 per cent down on 1983, on turnover 13.5 per cent higher at FFr 3.8bn. Its present capital is FFr 53m.

Banque Worms is handling the capital-raising package and will subscribe to the operation, along with the other institutional investors.

Unions oppose Renault's sale plan

BY OUR PARIS STAFF

RENAULT, the state-owned French motor group, has provoked strong trade union criticism with a plan to sell off its loss-making Micmo-Gitane bicycle subsidiary as part of a drive to divest its peripheral operations.

The plan was opposed by representatives of all four of Renault's unions when it was put before a central works committee meeting yesterday.

Micmo-Gitane, which lost FFr 39m ($4.44m) last year on sales of FFr 120m, is France's third largest cycle maker, with about 10 per cent of the market.

In a continuing bid to concentrate Renault's activities in its mainstream car business, M Georges Besse, the chairman brought in at the beginning of the year, has proposed selling the company to the Yvars-Gatean group, which makes cycles and small cars for invalids.

Unions, led by the pro-communist CGT federation which has strongly attacked M Besse's overall plans for large-scale lay-offs at Renault, believe the divestment would endanger the 325 jobs at Micmo.

M Besse has been called in to straighten out finances at Renault, which registered net losses of FFr 12.55bn last year. Over the summer he has drawn considerable trade union fire with plans to slim the workforce by 21,000. He is also looking for partners for Renault's loss-making machinery business and has announced the scaling down or outright sale of diverse activities in liquid crystal technology, high-performance ceramics and electronic car components.

Suez buys Roussel-Uclaf stake

BY OUR PARIS STAFF

COMPAGNIE Financiere de Suez, the French nationalised financial and industrial holding company, has agreed to purchase from the French Government 3.75 per cent of the capital of Roussel-Uclaf, France's second-biggest pharmaceuticals group.

The acquisition, which has been under discussion for about 18 months, will maintain unchanged the stake of 54.5 per cent in Roussel-Uclaf owned by Hoechst of West Germany.

Suez has been seeking the Roussel-Uclaf stake to boost its portfolio of high technology companies. The acquisition – valued at about FFr 250m ($28m) on the basis of the latest Roussel-Uclaf share price – will be financed through an issue of new Suez shares this autumn to the state. Roussel Uclaf is presently 40 per cent owned by the French Government. It narrowly escaped complete nationalisation when the Socialist administration came to power in 1981.

Suez was seeking a stake of at least 10 per cent in the pharmaceuticals group. But the sharp rise in the company's share price on the Paris bourse – where it has multiplied roughly five-fold over the past two years – has significantly reduced the size of the stake Suez can afford.

Suez has made a number of other recent acquisitions, including 8 per cent of the Compagnie Industrielle insurance group, valued at FFr 177m, bringing its stake to 18 per cent, and 9 per cent of the Penhoet holding company, valued at FFr 46m, acquired from the Paribas financial group.

Ciba-Geigy to acquire contact lens group

By John Wicks in Zurich

CIBA-GEIGY Corporation, the U.S. subsidiary of the Swiss chemical group, is to acquire the contact lens and lens care business of American Optical Corporation, of Southbridge, Massachusetts. The compaoy did not disclose financial details.

The deal will "complement and extend" the group's existing activities in the vision care sector, according to the Basle parent company. Ciba-Geigy already manufactures contact lenses in the U.S. through an Atlanta-based subsidiary, as well as owning the West German company Titmus Eurocon Kontaktlinsen in Aschaffenburg.

The vision care sector is currently understood to account for 4 to 5 per cent of Ciba-Geigy's sales of pharmaceutical specialities.

American Can up 28% after growth in financial services

BY OUR NEW YORK STAFF

AMERICAN Can, the U.S. packaging, specialty retailing and financial services group, yesterday reported a 28 per cent increase in second-quarter net income, fuelled by dramatic growth in its life insurance and other financial services businesses which posted a 38 per cent gain in income in the latest period.

The group, based in Greenwich, Connecticut, said net earnings increased to $45.9m, or $1.63 a share, from $35.8m, or $1.35, in the corresponding period last year. In that latest quarter, net earnings were boosted by a $4m gain – $2.9m, or 12 cents a share after tax – from the sale of timberland. For the first half, net income increased by 27 per cent to $81.3m or $2.83 a share from $63.9m or $2.36 n share in the 1984 period.

The earnings gains came despite marginally lower total revenues. These fell to $1.01bn in the quarter, including $313m from the group's non-consolidated financial services subsidiaries, from $1.08bn, including $255m from financial services, a year earlier. First-half total revenues, including $617m from financial services, fell to $1.92bn from $2.11bn, including $496m from financial services, a year ago.

American Can noted that the decline in total revenues reflected the sale of certain non-strategic operations in late 1984. Mr William Woodside, chairman, commenting on the results, said the latest quarterly earnings gain – the tenth consecutive quarterly earnings improvement – reflected the success of the group's major restructuring programme begun in 1982.

Mr Woodside said its financial services group is currently generating more than American Can's operating income, reflecting strong sales in most product areas, particularly term life insurance and mutual funds, plus the income contribution from the company's recently acquired mortgage banking subsidiary. American Can claimed, that, on the basis of industry statistics, its combined financial services operations sold more individual life insurance in 1984 than any other U.S. company. "Our insurance sales are running well ahead of last year," it said.

American Can said income from its specialty retailing sector improved during the quarter and its packaging division posted an income gain despite the sale last November of the Canadian packaging business. Income from U.S. operations was up, reflecting the company's expansion into high-growth plastics packaging markets together with strong demand for lightweight two-piece beverage cans.

MCS expects higher 1985 earnings

By Our Frankfurt Correspondent

MCS (Modulare Computer und Software Systeme), one of the small West German high-technology companies which has recently made a public share offering, expects higher profits this year on sales revenue up to about DM 21m ($7.45m) compared with DM 13.8m in 1984.

The company, formed in 1974 and specialising in data processing systems for the medical sector, boosted 1985 first-half sales by a third to DM 7.2m and incoming orders by 65 per cent to DM 9.4m.

Pre-tax profits rose to DM 2.2m last year from DM 0.9m in 1983, and the company is paying dividend of DM 6.50 per share. A total of DM 400,000 is being added to reserves.

MCS was one of more than 20 German companies to go public last year, and its shares are traded on the regulated "free market" in Frankfurt.

Munich Re plans to maintain payout

MÜNCHENER Rückversicherung (Munich Re), the world's largest reinsurance company, proposes an unchanged 18 per cent dividend for the year to June 30 1985 and will markedly strengthen its reserves, writes Jonathan Carr in Frankfurt.

A report to shareholders says that losses from the company's reinsurance business alone were higher than those of DM 431m ($153m) for 1983-84 – on premium income up by 9 per cent to DM 10.9bn.

But profits from "general business" – mainly investment income – were "strongly above" the DM 509m of the previous year, Munich Re said. The company gave no figure.

The Munich Re report follows the broad pattern of previous years, registering growing reinsurance losses more than counterbalanced by investment profits. However, 1984-85 brought some special factors, too.

The main one was the freak hailstorm in the Munich area on July 12 last year, one of the biggest natural disasters Munich Re has had to face in its more than 100-year history.

The domestic improvement was due in particular to "very satisfactory" profits in the life, accident and credit sectors.

Barlow Rand offers property interest

BY JIM JONES IN JOHANNESBURG

BARLOW RAND, the South African industrial and mining group, is to raise about R215m ($104.8m) from its shareholders by selling them a direct interest in Barlow Rand Properties (Barprop), the group's property development and management arm.

Barlow Rand is offering 26.81m ordinary Barprop shares at R1 each in the ratio of 15 Barprop ordinaries for every 100 Barlow Rand ordinaries or preferred ordinaries held. In addition, the same number of Barprop unsecured variable-rate redeemable subordinated loan stock units are to be offered in the same proportions to Barlow Rand ordinary and preferred ordinary shareholders. The loan stock units will be issued at par at R7 each. The aim of the issue is to provide R175m to repay existing loans to Barprop from Barlow Rand itself.

A further R39m will be used to finance new property developments. After the issue, Barlow Rand will own more than 60 per cent of Barprop's ordinary capital and about 11 per cent of the loan stock.

Barprop owns and manages 152 properties which are occupied by its own companies and n further five which are let to outsiders. In addition, it holds about 50 hectares of land for development.

The directors estimate that earnings per ordinary share will be approximately 9 cents in the financial year to September 30 1986 and that n dividend of 7.5 cents will be declared. The loan stock will pay an initial dividend of 77 cents a unit, but that will increase in direct proportion to any increase in the ordinary dividend above 7.5 cents.

Mr George Bulterman, Barprop's chairman, says that by correctly balancing debt and equity in its capital structure, Barprop will be able to tap long-term property money.

Cigarette tax curbs Imasco

By Robert Gibbens in Montreal

IMASCO, the tobacco products, fast-food and retailing group in which BAT Industries of the UK has e 44 per cent stake, is feeling the impact of a sharp rise in federal taxes on cigarettes and stronger competition in the two other main sectors.

But Mr Paul Pare, chairman, says first-half earnings were on target and a basic favourable trend should continue for the rest of the fiscal year.

The first quarter, to June 30, showed net profit of C$62.1m ($46.34m), or 57 cents a share, against C$51.9m or 51 cents. Revenues were C$1.25bn against C$1.02bn.

Good reception for $150m DnC floater

DEN norske Creditbank showed yesterday that there is a market for Eurodollar floating rate notes – if they are attractively priced, writes Maggie Urry in London. The market has been virtually dead in recent weeks, but DnC's $150m issue was trading above its par issue price.

The deal, led by Salomon Brothers, is to replace an earlier one for the same amount, launched in March this year. That had been the first FRN to pay an interest rate below London interbank bid rate (Libid) and had been slow to sell. It also used the mis-match formula, refixing monthly but paying every six months. Some traders believe that a large part of the issue is still on Salomon's books. That deal is being bought back and retired.

DnC will end up with the same cost of borrowing with the new issue, but the terms are more generous to investors. The new deal matures in March 1991, the same date as the old issue, and pays interest at ⅛ per cent above six month Libid with front-end fees of 20 basis points.

Investors were attracted by the non-call feature, as well as the higher interest rate.

The fixed rate Eurodollar bond market picked up slightly yesterday, following a better opening in New York. However, traders still remain nervous and no new issues were launched.

The Euro-Australian dollar bond market, deluged with issues last week, is beginning to recover and yesterday Orion Royal Bank launched a A$50m five-year deal for Australian Industry Development Corporation, which is guaranteed by Australia. The coupon was set at 12⅞ per cent, higher than many of last week's deals, and issue price is 100⅞. The issue was trading just inside the 2 per cent fees.

Dresdner Bank increased its issue of last week from A$75m to A$90m to meet demand from investors. Much of the buying comes from West Germany.

Morgan Stanley launched an issue for Nederlandse Gasunie, the Dutch gas sales company, in the Euro-New Zealand dollar market, another sector which has been suffering from excess paper. This matures in March 1991 and pays a 16⅛ per cent coupon with a 100⅜ per cent issue price. It is connected to a complex swap. Morgan Stanley brought in six co-lead managers covering n broad geographical spread of investors to ensure good placement. Fees total 2 per cent and early sales were being made within that discount.

Deutsche Bank launched the first issue on the August D-Mark Eurobond calendar, a DM 70m issue for Eurofima, the European railway rolling-stock financing group. The issue has a short, four-year life, and the coupon was set at 6 per cent – the lowest since 1979. However, the name is attractive to investors and the issue was seen to trade close to the 99¼ issue price.

Turnover and prices in the D-Mark sector improved yesterday, and new issues were in demand. South African issues picked up again, with good buying seen from retail investors.

Credit Suisse launched a Swiss franc dual-currency issue for Kendall, a subsidiary of Colgate-Palmolive. This is for SwFr 120m, and has a 10-year life. The coupon, which will by payable in Swiss francs, was set at 7 per cent, while redemption will be in U.S. dollars at a rate of $2,600 per SwFr 5,000 bond. There will be call and put options in 1992. Issue price is par.

A floating rate note raising SwFr 50m was launched for Trinidad and Tobago, by Citicorp Bank (Switzerland). The bonds will be placed privately and have a five year maturity. Interest will be paid at 1⅛ per cent above six-month London interbank offered rate (Libor) for Swiss franc deposits.

The secondary market had a slight improvement following the fall in time deposit rates on Tuesday. But the holiday season is keeping the market quiet. National Westminster Bank's warrants fell by SwFr 35 to SwFr 750 yesterday following the interim profit figures.

Bayerische Vereinsbank launched a European currency unit issue to raise Ecu 60m, led by Banque Paribas. This matures in November 1988 and pays a 8⅞ per cent coupon. Issue price is 100⅞. The proceeds are being swapped into floating rate U.S. dollars.

● Merrill Lynch Capital Markets is arranging a $50m Euronote facility for Bekaert, the Belgian steel wire products maker, will be able to issue short-term notes in dollars or Ecus. The five-year deal will have issuer-set margins with n maximum of 0.15625 per cent over Libor. Underwriting fee is 0.1 per cent for two years and 0.125 per cent for the remaining three.

International bond service, Page 17

Public Works Loan Board rates

Effective July 31

	Quota loans repaid			Non-quota loans A* repaid		
Years	by EIP†	A‡	at maturity§	by EIP†	A‡	at maturity§
1	—	—	10¾	—	—	11¼
Over 1, up to 2	10¾	10¾	10¾	11¼	11¼	11½
Over 2, up to 3	10¾	10¾	10¾	11¼	11¼	11½
Over 3, up to 4	10¾	10¾	10⅞	11¼	11¼	11¼
Over 4, up to 5	10¾	10¾	10⅞	11¼	11¼	11¼
Over 5, up to 6	10¾	10⅞	10⅞	11¼	11¼	11¼
Over 6, up to 7	10⅞	10¾	11	11¼	11¼	11¼
Over 7, up to 8	10¾	10⅞	11	11¼	11¼	11¼
Over 8, up to 9	10⅞	10⅞	10⅞	11¼	11¼	11¼
Over 9, up to 10	10⅞	11	10¾	11¼	11½	11¼
Over 10, up to 15	11	10⅞	10¾	11½	11¼	11
Over 15, up to 25	10¾	10¾	10¾	11¼	11	10⅞
Over 25	10¾	10¾	10¾	10¾	10¾	10¾

* Non-quota loans B are 1 per cent higher in each case than non-quota loans A. † Equal instalments of principal. ‡ Repayment by half-yearly annuity (fixed equal half-yearly payments to include principal and interest). § With half-yearly payments of interest only.

INTL. COMPANIES & FINANCE

Kuwait considers aid for banks

BY KATHLEEN EVANS IN KUWAIT

THE KUWAIT Government is considering depositing up to KD 500m ($1.5bn) with the country's banking system. Financial analysts in the City believe that the move could lead to greater state participation in the banking sector.

The amount has not yet been officially confirmed, but the figure of KD 500m has been mentioned in recent remarks to the local Press by Jassim Khorafi, Kuwait's Finance Minister. It first emerged in a letter from Abdul Wahab Tamarr, the central bank governor, leaked to a Kuwaiti newspaper. The letter made it clear that the funds were necessary to help banks reschedule clients who have suffered from the impact of the 1982 Souk al Manakh stock exchange disaster.

Bankers in Kuwait say that the injection will become necessary if they are to abide by recent central bank proposals concerning provisions for future loan losses. The required provisions have not yet been fully outlined by the central bank, but senior financial officials say that the authorities are aiming for a provision of 5 per cent of total loan portfolios. In the meantime, provisions required were thought to be 15 per cent for loans overdue up to 180 days, 45 per cent on loans outstanding for 270 days, and 100 per cent for debts due over one year.

Bankers say that if the central bank sticks to these ideas on provisions, then cash injections will become vital. Several senior bank executives in Kuwait believe that unless the money is made available soon, a number of banks could face losses and even a position of negative net worth by the end of the year.

Bank executives emphasise that the funds are needed to generate income, not to add to the deposit base. Kuwait banks are still highly liquid and are still net lenders to the outside banking community. However, credit demand in Kuwait is very sluggish and the deposits are needed on a long-term low interest basis so that profits can be made by the end of the year. Central bank officials in Kuwait were reluctant to discuss the situation though one official remarked that the funds would not be made available merely to help make the banks profitable, only to keep them sound.

Local economists believe that non-performing loans average between 25 and 40 per cent of total bank credit varying from bank to bank. Total bank credit is KD 3.8bn ($11.4bn). Total capital and published reserves of the Kuwait banking system are around KD 950m with hidden reserves estimated at no more than KD 800m—and possibly a good deal less.

Some economists fear that even if the KD 500m was pumped into the system at a zero rate of interest, the picture would still look gloomy at the end of the year. Local stockbrokers point out that if bank results at the year end are lacklustre, or if losses are registered, confidence in the local stock market would plunge even further. This would in turn uncover more bank exposure, since shares have been a principal form of collateral for bank loans in Kuwait.

Share prices fall

The market perked up slightly when the government first hinted that funds were going to be deposited in the banking system, but since then the market index has resumed its downward course. The All Share Index has fallen from 53.1 to 33.1 since the first week of this year.

Moreover, Mr Jassim Khorafi has made it clear that the funds will be made available to banks only after they have rescheduled the debts of all their Manakh clients and after inner reserves (both published and hidden), have been exhausted. One banker likened such conditions to being forced to go naked, cap in hand to the government. "We need a safety net, and we need it now," commented one analyst.

Rescheduling the Manakh debts is proving a slow and difficult process. There is still a tightly knit group of large investors who have not been referred to the receiver. Until the extent of the settlements of their debts is known, the financial status of other investors involved with them remains difficult to assess. Furthermore, many Kuwaitis still feel that the government is going to bail them out, and are consequently resisting attempts by their banks to reschedule their debts. No official has yet given any clear idea of how the government wishes to see the rescheduling packages emerge—over how many years, or at what rates of interest. Some bank clients are clearly bankrupt, and their companies have no hope of resurrection.

A recent report by the Finance Ministry on 37 non-financial companies listed on the stock exchange revealed that 20 were experiencing "urgent problems," while 12 had medium-term problems which could eventually be sorted out. Only five were said to be "fairly sound." The study also found that seven of the Gulf companies which were formerly traded on the Souk al Manakh showed losses exceeding 75 per cent of their capital. Eight Kuwaiti closed shareholding companies were in the same situation and three such companies had already been referred to the government receiver.

The Stock Exchange appears to have taken little action over these companies, despite pledges that the new market would be run on strictly regulated lines. The problem is that, were the Stock Exchange to suspend trading in these shares, bank collateral would be further eroded.

Although the sum of KD 500m has been mentioned unofficially by the Finance Minister, no formal plan has been put to the country's parliament concerning this use of public money. Parliament did, however, discuss the Minister's general preliminary report on the economy, which contained the suggestion that money might be put into supporting the banking system. It is still unclear whether parliamentary approval will have to be sought separately to go ahead with the plan. In the past, deputies have proved reluctant to use public money to bail out Manakh investors.

Conditions attached

However, there have already been suggestions from some members of parliament that if public money is to be used, certain conditions should be attached. Among the ideas emerging are that the government might take powers to change the boards of banks receiving funds; might appoint government or central bank representatives to their boards; or alternatively might seek an equity stake in the banks in return for assistance. The implication that the country's private sector has run the banks unwisely in the past is likely to anger the large merchant families who are represented on the bank boards. Many of them feel that it was lack of government supervision which led to the stock market crisis in the first place.

But already analysts are predicting that in the next few years, such moves could lead to creeping nationalisation of Kuwait's banking sector.

JAPANESE RESULTS

CITIZEN WATCH

Year to	Mar '85 Y	Mar '84 Y
Revenues (bn)	289.1	237.7
Pre-tax profits (bn)	14.69	13.92
Net profits (bn)	6.73	9.08
Net per share	27.34	41.75

CONSOLIDATED

ISHIKAWAJIMA-HARIMA
Heavy machinery

Year to	Mar '85 Y	Mar '84 Y
Revenues (bn)	945	1,052
Net profits	8.67	11.64
Net per share	5.88	8.39

CONSOLIDATED

JAPAN LINE
Shipping

Year to	Mar '85 Y	Mar '84 Y
Revenues (bn)	238.34	256.84
Pre-tax profits (bn)	†19.02	†22.22
Net profits (bn)	†18.55	†18.79
Net per share	†21.31	†21.58

† Loss
CONSOLIDATED

KAJIMA
Construction contractor

Six months	May '85 Y	May '84 Y
Revenues (bn)	462.1	418.2
Pre-tax profits (bn)	13.89	12.68
Net profits (bn)	7.13	7.28
Net per share	9.21	9.50
Dividend	4.50	4.50

PARENT COMPANY

KANEMATSU-GOSHO
Trading company

Year to	Mar '85 Y	Mar '84 Y
Revenues (bn)	4,310	3,743
Net profits (bn)	1.11	1.92
Net per share	6.20	10.74

CONSOLIDATED

KAWASAKI HEAVY
Heavy machinery

Year to	Mar '85 Y	Mar '84 Y
Revenues (bn)	825.7	820.4
Net profits (bn)	8.01	†3.6
Net per share	9.04	—

† Loss
CONSOLIDATED

KONISHIROKU
Photo-sensitive materials

Year to	Mar '85 Y	Mar '84 Y
Revenues (bn)	353.5	334.4
Net profits (bn)	9.68	10.48
Net per share	35.41	41.81

CONSOLIDATED

MITSUBISHI OIL
Oil refiner

Year to	Mar '85 Y	Mar '84 Y
Revenues (bn)	1,200	1,275
Net profits (bn)	†8.81	†4.51
Net per share	†29.37	†19.04

† Loss
CONSOLIDATED

MITSUI ENG. AND SHIPBUILDING

Year to	Mar '85 Y	Mar '84 Y
Revenues (bn)	351.06	312.68
Net profits	5.04	3.81
Net per share	7.85	5.81

CONSOLIDATED

MITSUI OSK LINES
Shipping

Year to	Mar '85 Y	Mar '84 Y
Revenues (bn)	547.0	522.3
Pre-tax profits (bn)	10.31	9.12
Net profits (bn)	6.02	2.22
Net per share	7.04	2.73

CONSOLIDATED

MITSUI PETROCHEMICAL

Year to	Mar '85 Y	Mar '84 Y
Revenues (bn)	328.51	318.96
Net profits (bn)	7.23	3.90
Net per share	31.90	17.67

CONSOLIDATED

MITSUI TOATSU CHEMICALS

Year to	Mar '85 Y	Mar '84 Y
Revenues (bn)	480.33	472.66
Net profits (bn)	6.16	†4.55
Net per share	8.35	†6.94

† Loss
CONSOLIDATED

NICHIMEN
Trading company

Year to	Mar '85 Y	Mar '84 Y
Revenues (bn)	4,437	3,728
Net profits (bn)	2.37	1.12
Net per share	12.11	4.58

CONSOLIDATED

NIPPON EXPRESS
Integrated transport services

Year to	Mar '85 Y	Mar '84 Y
Revenues (bn)	1,016	972
Net profits (bn)	6.98	0.56
Net per share	9.16	7.11

CONSOLIDATED

OKI ELECTRIC
Data processing products

Year to	Mar '85 Y	Mar '84 Y
Revenues (bn)	417.5	345.4
Net profits (bn)	9.16	9.24
Net per share	19.93	20.82

CONSOLIDATED

OMRON TATEISI
Electronics

Year to	Mar '85 Y	Mar '84 Y
Revenues (bn)	293.84	231.45
Pre-tax profits (bn)	25.88	22.94
Net profits (bn)	10.8	9.95
Net per share	63.85	61.84

CONSOLIDATED

SANKYO CO.
Pharmaceuticals

Year to	Mar '85 Y	Mar '84 Y
Revenues (bn)	357.04	362.55
Pre-tax profits (bn)	28.88	27.52
Net profits (bn)	9.89	10.46
Net per share	33.52	42.56

CONSOLIDATED

SHIONOGI
Pharmaceuticals

Year to	Mar '85 Y	Mar '84 Y
Revenues (bn)	241.04	230.71
Net profits (bn)	8.08	10.23
Net per share	25.47	36.81

CONSOLIDATED

SNOW BRAND
Dairy products

Year to	Mar '85 Y	Mar '84 Y
Revenues (bn)	821.7	786.2
Net profits (bn)	4.31	2.93
Net per share	17.02	11.57

CONSOLIDATED

SUMITOMO BANK

Year to	Mar '85 Y	*Mar '84 Y
Revenues (bn)	2,232	—
Net profits (bn)	77.2	—
Net per share	34.86	—

* Not required to report group figures
CONSOLIDATED

INTL. COMPANIES AND FINANCE

FT INTERNATIONAL BOND SERVICE

The list shows the 200 latest international bond issues for which an adequate secondary market exists. The following are closing prices for July 31.

U.S. DOLLAR STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Amex Credit 10⅞ 90	100	101⅛	101⅝	+0¼	−0¼	10.47
Amex Credit 12⅝ 88	150	105⅝	106⅛	+0⅝	−0⅛	10.34
Atlant Richfld 10¼ 00	250	92	92½	+0⅝	−0⅝	11.35
Bank of Tokyo 13⅜ 91	100	111	111½	+0⅜	−0⅞	10.93
BP Capital 11⅛ 92	150	100⅝	101⅛	+0¼	−0¾	10.99
Canada 11½ 90	500	104	104½	+0¼	−0⅜	10.27
Canadian Pac 10⅝ 93	100	99¼	99¾	0	−1	10.84
Canadian Pac 12½ 89	75	106½	107	+0¼	−0½	11.30
CBS Inc 11⅜ 92	100	100⅞	101⅜	+0⅜	−0¾	11.11
Chevron U.S.A. 12¼ 89	600	104¼	104¾	+0⅜	+0¼	10.83
Citicorp 11½ 95	150	99⅝	100⅛	+0¼	−0½	11.51
Coca Cola 11⅜ 91	100	105½	106	+0¼	−0⅛	10.42
Denmark Kingdom 11¼ 89	100	101⅝	102⅛	+0⅜	−0⅝	10.59
Denmark Kingdom 11½ 90	100	102⅛	102⅝	−0½	−1⅛	10.81
Denmark Kingdom 11½ 92	100	101	101½	−0⅜	−1⅛	11.19
Denmark Kingdom 13¼ 91	100	106⅜	106⅞	+0¼	−0⅝	11.21
E.E.C. 11⅛ 90	100	101¾	102¼	+0¼	−0⅛	10.59
E.I.B. 12 95	200	104¾	105¼	+0¼	−1	11.11
E.I.B. 13 96	200	109	109½	+0⅛	−0½	11.47
Export Dev Corp 10 90	100	98⅛	98⅝	+0⅜	−0½	10.43
Export Dev Corp 12 89	100	104¾	105¼	+0⅜	−0⅜	10.45
Ford Motor Cred 11⅜ 90	100	100¾	101¼	+0⅛	−0¾	11.04
Ford Motor Cred 11⅜ 00	100	100⅜	100⅞	+0⅜	0	11.40
Ford Motor Cred 11¾ 92	100	100¾	101¼	0	−1¼	11.59
Ford Motor Cred 12 00	100	102¾	103¼	+0¼	−0⅜	11.44
Gen Elec Credit 10¼ 00	200	96⅜	96⅞	+0⅛	−0⅝	10.29
GMAC 10¼ 88	200	99⅞	100⅜	+0⅜	0	10.19
IBM Credit 10⅜ 2000	300	100¼	100¾	+0⅛	−0⅛	10.29
Indust Bk Japan 12⅞ 89	100	106	106½	−0⅛	−1½	10.90
Japan Air Lines 13⅜ 94	100	114¾	115¼	+0¼	−2½	10.70
Kellogg Company 10⅞ 00	100	100⅛	101	+0⅛	−0⅝	10.82
Kellogg Company 11¼ 92	100	101⅝	102⅛	+0⅜	−0⅜	10.80
L.T.C.B. 12⅞ 91	100	107⅛	108	−0⅛	−0⅞	11.06
Macy Cred Corp 11⅜ 95	100	102⅝	103⅛	+0⅜	−0½	11.22
Mellon Bank 13 87	100	105¼	105¾	+0¼	+0⅛	9.92
Merrill Lynch 12⅝ 89	100	104½	105	+0½	−0¼	11.23
Minnesota 11½ 87	100	102¾	103¼	+0⅜	−0¼	9.87
Mitsui Trust 11⅝ 90	100	101⅞	102⅜	−0¼	−0⅛	11.03
Morgan Guaranty 12⅜ 89	150	105¼	105¾	+0⅜	−0¼	10.65
Nth America 12⅞ 91	100	†105⅛	106	0	−0⅛	11.50
Penney J.C. 12¾ 91	100	106	106⅛	+0⅛	−0⅞	11.27
Pru Realty secs 12⅛ 00	548	104¾	105¼	+0⅛	−1¼	11.21
Qantas Airways 10⅝ 00	140	96⅛	96⅝	+0⅛	−1½	10.98
Quebec Hydro 11½ 92	100	102½	103	+0⅞	−0½	10.91
Ralston Purina 11¾ 95	150	101⅞	102⅜	+0¼	−0¾	11.36
Ralston Purina 12¾ 89	100	105⅞	106⅜	+0¼	−0⅜	10.83
Royal Bk Can 12½ 92 XW	100	102	102¾	+0¼	−0¼	12.16
Saskatchewan 10¾ 92	100	99⅛	100	+0⅜	−0¾	10.78
Saskatchewan 11¼ 89	100	104⅛	104⅝	+0⅝	−0¼	10.83
S Wales Trsy 11¾ 90	150	103⅜	103⅞	+0⅛	−1⅛	10.71
Swed Exp Cred 10 92	100	95¾	96⅛	+0¼	−0¾	10.82
Swed Exp Cred 12¾ 88XW	100	105⅞	106⅜	+0⅞	+0⅛	10.81
Sweden Kingdom 10⅞ 90	200	100⅝	101⅛	+0⅜	−0⅛	10.61
Sweden Kingdom 11½ 89	200	102¾	103¼	+0⅛	−0⅛	10.57
Sweden Kingdom 11¾ 94	100	103¼	103⅝	−0¼	−1	11.13
Tenneco Corp 10¾ 95	150	98¾	99¼	+0¼	−0⅝	10.91
Texaco Capital 12⅞ 87	300	104⅞	105⅜	+0⅛	−0⅛	10.09
Tokai Asia 11½ 95	100	101⅜	101⅞	+0⅜	−1	11.20
Victorian Rep 11¾ 92	150	102⅛	102⅝	+0½	−1	11.08
World Bank 12¼ 94	150	106¼	106¾	0	−1¼	11.07
World Bank 12¼ 94	200	109⅝	110¼	+0⅛	+2½	11.09

Average price change On day +0¼ on week −0½

DEUTSCHE MARK STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Asian Dev Bank 8 94	200	105⅛	105⅝	+0¼	−0⅛	7.17
Austria,Republic 7⅜ 94	200	103¼	103¾	−0½	−0⅞	7.08
Baxter Travenol 7¼ 94	200	103½	104	+0⅝	+1½	6.65
Copenhagen 7⅜ 95	150	100½	101	−0⅛	−0¼	7.25
Credit National 8⅛ 94	200	105⅝	106⅛	+0⅛	−0⅛	7.17
Degussa Int Fin 7½ 94	100	105⅛	105⅝	+0⅛	+1⅜	6.64
E.I.B. 7¼ 94	300	101⅛	102	+0⅛	−0⅛	6.96
Escom 8 92	150	95¼	95¾	+0½	+0⅝	8.91
Ferrovie Dello Stato 8 91	100	†103¾	104¼	0	+0¼	7.19
Finland Republic 7 92	200	†100⅞	101⅜	0	+0¼	6.77
Gould Int Fin 7⅜ 91	100	104½	105	+0⅜	+1	5.80
Ireland 8⅛ 92	150	†105¾	106¼	0	+0¼	6.98
Japan Fin Corp 7⅛ 91	100	103½	104	−0⅜	−0¾	6.83
Mitsubishi Hvy 3½ 89WW	300	126½	127	−3	−1	−3.25
Mitsubishi Hvy 3½ 89XW	300	91⅛	91⅝	+0⅛	−0⅛	6.19
Mitsubishi Met 3⅜ 89WW	100	102½	103	+0⅞	−0⅞	2.45
Mitsubishi Met 3⅜ 89XW	100	88¼	88¾	−0⅜	+0⅛	6.19
Pepsico O/S Fin 7¼ 94	250	103⅛	103⅝	−0⅜	−0¾	6.71
Quebec Hydro 7⅛ 95	200	101¼	101¾	−0⅛	−0½	6.91
Renfe 7¾ 95	100	102¾	103¼	0	+0⅛	7.30
Renown 3⅛ 90	90	110	110½	+0⅜	+3⅞	0.95
Societe Cent Nucleer 8 91	100	106½	107	−0⅛	+0⅞	6.58
Sth African Tran 7⅝ 92	100	92⅞	93⅜	+0½	−0¾	8.94
World Bank 7¼ 89	100	103	103½	−0⅛	−0¼	6.67
World Bank 8 94	200	105¾	106¼	−0¼	−0¼	7.03

Average price change On day −0⅛ on week 0

SWISS FRANC STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
African Dev Bk 6¼ 94	100	†101½	101¾	0	0	5.91
Avon Cap Corp 5⅜ 94	130	†99¼	99½	+0¼	0	5.46
Brit Land Comp 6½ 99	75	†103¼	103½	+0¼	+0¼	6.13
Council of Europe 6 92	120	†102	102¼	−0½	−0¼	5.63
Creditanstalt 5½ 94	100	†97½	97¾	−0¾	−0¾	5.83
Deutsche Bk Fin 5⅜ 95	100	†100	100¼	−0¼	−1	5.35
E.I.B. 5⅞ 94	120	†101	101¼	−0½	+0¼	5.71
Export Dev Corp 5⅜ 92	125	†99¾	100	−0¾	−0½	5.39
Gen Occidentale 4½ 94	80	†102¼	102½	0	+2	4.19
I C Industries 5⅜ 94	125	†106	106¼	0	+0¼	5.59
Ind Fund Fin 5¾ 94	40	†100½	100¾	0	+0½	5.66
Int−Am Dev Bk 6⅛ 94	120	†101½	101¾	0	−0¾	5.80
N.Zealand steel 5¾ 95	70	†98¾	99	0	−0¼	5.88
Oberos Ktwk 5⅜ 00	100	†98¼	98½	−0¼	+0⅛	5.60
Ralston Purina 5¾ 94	125	†100	100¼	−0¼	−0¼	5.35
Santos Finance Ltd 6 94	130	†99	99¼	0	+0¼	6.12
Tokyo Elec Pwr 5½ 93	120	†99	99¼	0	0	5.64
Tokyo Metropolis 5¼ 94	90	†98¾	99	0	0	5.40
World Bk 5⅝ 94	150	†101½	101¾	+0¼	+0½	5.32

Average price change On day −0⅛ on week 0

YEN STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Finland Republic 6¾ 90	15	99¾	100¼	+0⅜	−0¼	6.74
Gdyr Tr & Rubber 7⅛ 95	25	98½	99	+0½	−0⅝	7.30
Mort Bk Denmark 7 92	10	100⅛	100⅝	+0½	−0⅜	6.92
New Brunswick 7⅛ 95	10	101⅛	101⅝	+0⅜	−0¼	6.83
World Bank 6⅞ 90	25	100⅛	100⅝	+0½	0	6.52

Average price change On day +0½ on week −0¼

OTHER STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Australia Com 12⅞ 90$A	125	102	103	−0¼	−0⅛	12.17
Citicorp Aust 13½ 88$A	40	101⅜	102⅜	+0⅜	+0⅝	12.88
CSR Finance 13¼ 00 $A	40	101⅛	102⅛	−0⅛	−0⅛	12.77
Nissho Iwai 13¼ 90 $A	30	100	101	+0⅛	+0⅜	13.00
Amex 10⅝ 90 C$	50	99⅝	100⅛	0	−0⅜	10.77
Genstar Fin 11¾ 95 C$	75	96⅜	96⅞	0	+0¼	12.35
Haml-Went'th 10¾ 95C$	25	†95¼	95¾	+0⅛	−0¾	11.58
Loblaw Cos 11⅝ 92 C$	50	†98½	99	−0⅛	−0⅞	11.88
New Brunswick 11⅜ 95C$	75	†98¼	98¾	−0¼	−1	11.70
Shell Canada 11¼ 92 C$	75	98⅞	99⅜	+0⅛	−0⅝	11.43
Winnipeg City 10⅝ 90C$	50	98¼	98¾	−0⅛	−0¼	11.03
BP Capital 10 88 N$	30	100⅜	101⅜	−0⅜	−1⅛	15.61
Danish Ex Fin 18⅜ 90N$	40	95⅞	96⅞	+0⅛	+0⅛	17.25
KB Finna 16⅜ 88 N$	50	†96	97	−1⅛	−2	17.48
C.N.T 9¾ 92 ECU	75	106⅛	106⅞	−0¼	−0⅜	8.43
C.N.T 9¼ 95 ECU	75	104⅛	104⅞	0	−0¼	9.14
Eurofima 9⅝ 93 ECU	50	105⅝	106⅜	−0⅛	−0¼	8.29
Eurofima 7½ 92 FL	50	103	103½	0	+0⅜	6.87
Philips Lamps 7½ 90 FL	100	102⅛	103¼	0	+0⅜	6.75
Rank Xerox 8 90 FL	100	104¾	105¼	0	+0¼	6.72
Van Lanschot 7½ 90FL	50	102⅜	102⅞	+0⅛	+0⅛	6.84
World Bank 7½ 90 FL	150	102⅜	102⅞	0	+0⅛	6.83
E C.S.C 11¼ 92 FF	300	101	101⅛	−0⅜	−0⅜	10.96
Amer Express 11⅜ 92 £	30	103⅞	104⅜	+0⅛	+0¼	10.45
Australia Comm 11 92 £	40	99⅞	100⅜	−0⅛	+0⅛	10.95
BP Capital 10¾ 92 £	50	99¼	99¾	0	−0⅛	10.84
E.I.B. 11⅛ 93 £	50	101¼	101¾	0	−0⅛	10.80
GMAC UK Fin 10⅞ 00 £	30	98¼	98¾	0	+0⅛	10.98
Imp Chem Inds 11¼ 00 £	75	101⅝	102⅛	0	+0⅛	10.92
Inco 12¾ 93 £	50	102¾	103¼	0	−0⅜	12.08
Mcdonalds 10⅞ 00 £	40	99¾	100¼	0	+0¼	10.95
Privatbanken 11¾ 92 £	20	99⅞	100⅜	0	0	11.82
Rank Xerox 11 92 £	40	99⅝	100⅛	0	+0⅛	11.80
Royal Trustco 11⅜ 00 £	30	100⅛	100⅝	0	−0¼	11.23
Star Drug Cap 10¾ 00 £	30	99⅝	100⅛	−0⅛	−0⅛	10.80
Tricentrol XW 11 92 £	35	94⅝	95⅛	0	+0¼	12.13
Trusthouse Forte 11⅛ 90£	50	99⅝	100⅛	0	+0⅛	11.13
World Bank 11¼ 95 £	100	103¼	103¾	0	+0½	10.64
E.C.S.C. 10½ 94LF	100	103⅞	104⅞	−0⅛	−0⅞	9.75
Nat Lux Alum 10½ 92 LF	600	104⅞	105⅝	−0¼	−0⅛	9.44

FLOATING RATE NOTES	Spread	Bid	Offer	C.dte	C.cpn	C.yld
Banco di Roma 5¼ 92	0	†99½	99¾	24/7	7.58	7.59
BankAmerica O/S 5¼ 96	0⅛	99¾	100	3/9	8⅛	8.14
Bank of Montreal 5 96	0⅛	100⅜	100⅝	28/7	8¾	8.71
Bankers Trust 5 2000	0	99½	99¾	11/9	7.69	7.72
Bankers Trust 5¼ 96	0⅛	100	100¼	13/8	8.56	8.55
B.F.C.E. 5¼ 98	0⅛	100¼	100½	12/9	10.06	10.02
B.N.P. 5¼ 95 (July)	0¼	99⅜	99⅞	22/7	9⅛	9.15
C.C.F. 5¼ 97	0	99⅝	99⅞	22/9	10⅝	10.65
Chase Man'tn 5 2000	0	99⅜	99⅝	9/8	8⅝	8.67
Chase Man'tn 5¼ 2009	0⅛	99¾	100	5/9	7.81	7.82
Citicorp O/S 5¼ 98 Sep	0⅛	99⅜	99⅝	19/12	11.19	11.24
Credit Lyonnais 5¼ 96	0⅛	100⅜	100⅝	11/10	9.69	9.64
Ireland 5¼ 97	0	100	100¼	26/10	9.69	9.68
Ireland 5¼ 99	0	100¼	100½	14/9	10	9.96
Italy, Republic 5 94	0⅛	100	100¼	12/11	8⅞	8.86
Lloyds Bank 5¼ Perp	0¼	99⅝	99⅞	9/12	8	8.02
Midland Bank Perp 5	0¼	99¼	99½	19/12	8⅛	8.18
Nat West Perp 5	0⅛	100¾	101	13/11	9¼	9.05
Nat West Perp A 5¼ S	0¼	99⅛	99⅜	9/1	8¼	8.31
Nat West Perp B 5¼ S	0¼	99¼	99½	9/8	8¼	8.28
Queensland Coal 5¼ 96	0¼	100¼	100½	12/11	9	8.97
Roy Bk Canada 5 2005	0⅛	99¼	99⅝	5/8	7⅞	7.92
Roy Bk Scot 5¼ 2005 £	0	99	99¼	2/8	12.81	12.93
Sweden Perp 5¼	0¼	100	100¼	9/1	8.31	8.30
Tokai 5¼ 98	0⅛	100⅛	100⅜	12/12	8⅛	8.10

Average price change On day 0 on week 0

CONVERTIBLE BONDS	Cnv. date	Cnv. price	Bid	Offer	Chg. day	Prem
Ajinomoto 3 99	4/84	1053.64	107¾	108¾	+1¾	5.37
Fanuc 3¾ 98	1/84	7032.5	137½	138¾	+5⅛	36.44
Fujitsu 3 99	5/84	1320.9	75¾	76¾	+3⅝	20.06
Kumagai Gumi 3½ 2000	3/85	800	107	108¼	−0⅝	−4.97
Marui 3½ 99	7/84	1162	116	117¼	+1½	−3.60
Mitsubishi Elec 2⅞ 00	3/85	422	88⅞	89⅞	+0¼	−1.82
Murata 3½ 99	2/84	2351.2	77⅝	78⅝	+3¼	31.85
Murata 3½ 2000	7/84	2398	76⅝	77⅝	+3¼	33.72
Nippon Elec 2¾ 2000	1/85	1285	81¼	82¼	+4¾	30.42
Nippon Oil Co 3 2000	5/85	923	102	103	+0⅞	5.90
Nippon Oil Co 3¼ 99	3/84	1052	103	104	+0⅛	32.42
Old Elec Ind 3½ 99	10/84	805	86⅛	87⅛	+0¼	35.10
Orient Leasing 5¼ 98	6/83	2880	†97	98	−0½	−3.16
Sekisui House 3 99	6/84	612	124¼	125¼	+2¾	2.76
Sony Corp 2 2000	5/85	4578	77½	78¼	+1⅞	4.95
Sumitomo Corp 2⅞ 98	5/84	593	123	124	−1⅞	−0.93
Taiyo Yuden 3¼ 2000	3/85	1078	†81½	82½	+1¾	1.72
Takeda Riken 3⅝ 2000	10/84	7863	†75	76	−1½	65.34
Tokyo Sanyo Elec 3½ 99	12/84	772	88⅛	89⅛	+2⅝	6.21
Toshiba Ceramics 3 2000	4/85	1734.2	79⅜	80⅜	+4⅞	20.29
Nippon Oil Co 2⅝ 92 SF	3/84	1052	†104	104¼	0	27.52
Nippon Shinpan Co 2 92 SF	3/84	801	†97¼	97½	−3¼	18.22
Asics 5 92 DM	12/83	520	105	106	−0⅛	30.01
Sum Realty 6¼ 92 DM	2/83	338	289⅜	289⅝	−9½	0.82

* No information available—previous day's price.

† Only one market maker supplied a price.

Straight Bonds: The yield is redemption of the mid-price; the amount issued is in millions of currency units except for Yen bonds where it is in billions. Change on week = Change over price a week earlier.

Floating Rate Notes: Denominated in dollars unless otherwise indicated. Coupon shown is minimum. C. dte = Date next coupon becomes effective. Spread = Margin above six-month offered rate (‡ three month; § above mean rate) for U.S. dollars. C.cpn. = current coupon. Cu. yld = current yield.

Convertible bonds: Denominated in dollars unless otherwise indicated. Chg. day = Change on day. Cnv. date = First date for conversion into shares. Cnv. price = Nominal amount of bond per share expressed in currency of share at conversion rate fixed at issue. Prem = Percentage premium of the current effective price of acquiring shares via the bond over the most recent price of the shares.

Further loss for Asarco in quarter

By Kenneth Marston, Mining Editor, in London

LOW PRICES for non-ferrous metals have left Asarco of the U.S. with a further net loss in the second quarter of this year, but the company says that it is seeing an improvement in the market for its copper.

The second quarter net loss of $20.98m, or 88 cents per share, compares with a loss of $28.8m a year ago. It brings the net loss for the first half of 1985 to $40.04m which compares with a loss of $59.73m in the 1984 first-half when there was a pre-tax charge of $38m relating to the closure of the Tacoma, Washington, smelter.

Reflecting the low metal prices coupled with the suspension of operations at a number of plants and mines during the past year, Asarco's second quarter sales fell to $305.9m to make a six-month total of $566.6m against $755.8m.

The share in results of associate companies – in Australia, Mexico and Peru – during the latest quarter amounted to a loss of $8m against earnings of $19m a year ago; the past quarter's figure included foreign exchange losses of $2.4m compared with a gain of $13.5m in this respect last year.

For the first half of this year, the equity in results of associated companies shows a loss of $11.9m against earnings of $12.9m in the same period of 1984.

Mr Ralph L. Hennebach, the chairman, commented that losses from domestic operations were being cushioned by cost savings and added that "the fundamentals of the copper market have improved greatly in the past 18 months.

Swissair sees profits rise

By John Wicks in Zurich

SWISSAIR, Switzerland's national airline, expects a further increase in its earnings for the current year. This would follow a rise of almost 8 per cent in 1984 profits to a record net figure of more than SwFr 60.7m ($26.6m).

The airline reported "favourable" results for the first half, while total revenue went up SwFr 290m for the period to SwFr 2.15bn. Expenditure increased by only SwFr 241m to under SwFr 1.98bn.

Gross profits improved from SwFr 125m to SwFr 174m. This was only partially offset by a SwFr 5m rise in depreciation to SwFr 136m.

Traffic volume was up by 4.7 per cent, or substantially more than the 1.6 per cent growth in capacity, leading to a rise in the overall load factor from 62.7 to 64.6 per cent. The stronger economy resulted particularly in better passenger business, with seat use up from 60.4 to 63.5 per cent.

A significant part of the expansion in traffic revenue was further accounted for by exchange-rate developments.

AIBD BOND INDICES

WEEKLY EUROBOND GUIDE JULY 30 1985

	Redemption Yield	Change on Week %	12 Months High	12 Months Low
US Dollar	10.808	0.881	13.563	10.629
Canadian Dollar	11.844	0.795	14.039	11.708
Euroguilder	6.912	−0.673	7.907	6.658
Euro Currency Unit	9.305	−2.230	11.325	9.305
Sterling	10.895	−0.030	12.220	10.809
Deutschemark	7.124	0.210	8.450	7.109

Bank J. Vontobel & Co. Ltd, Zurich - Telex: 812744 JVZ CH

APPOINTMENTS

Senior IMI Group posts

Mr John Rupert Crane, an assistant managing director of IMI, has retired. He has been succeeded as chairman of IMI Titanium by Mr G. J. Allen, an assistant managing director of IMI (who will also take over responsibility for IMI Summerfield and the IMI research and development function), as chairman of IMI Righton by Mr W. Brittain and as chairman of IMI Rolled Metals by Mr D. V. Ayres. All will retain their existing responsibilities as executive directors of IMI.

★

Mr David Archard has been appointed managing director of MANNESMANN TALLY. He was general manager and takes over from Mr William Munro who is now president of Mannesmann Tally Corporation in Seattle, Washington. The company is a division of the West German engineering group, Mannesmann AG.

Mr David Archard, managing director of Mannesmann Tally.

★

Mr R. D. C. Hubbard has been appointed deputy chairman of POWELL DUFFRYN and will succeed Viscount Sandon as chairman on December 31. Mr Hubbard has been finance director since 1976, a responsibility he retains. Mr W. G. Andrews has been appointed deputy chief executive and will succeed Mr John Franklin as chief executive on the same date. Mr Andrews has been with the group for over 20 years and an executive director of Powell Duffryn since 1976. Mr Franklin will remain on the board as an executive director until his retirement in July 1986.

★

WESTLAND has appointed Mr K. Wills as production director, helicopter and hovercraft group. Dr I. D. Ault has become managing director of Saunders-Roe Developments and Mr A. J. Bundy has become general manager and finance director.

★

Mr James G. West has been appointed to the board of GLOBE INVESTMENT TRUST as deputy managing director. He has been part of the investment management team since 1973 and has had particular responsibility for the management of its UK portfolio.

★

EATON CORPORATION has appointed Mr Alan R. Kekwick as director of corporate affairs Europe and Mr Dai J. Williams as director of personnel Europe and Africa.

★

Mr Eddie Atkinson, at present manager, group training, MIDLAND BANK, has been appointed south west regional director, from August 1 in succession to Mr Alan Troop, who has retired.

★

Mr Selwyn White, financial director of E. Gomme, has been appointed to the main board of GOMME HOLDINGS. He joined the group in December 1975. Mr David Gomme, who joined E. Gomme as assistant company secretary, has now been appointed company secretary of Gomme Holdings.

★

Mr Edward Davies and Mr Alan G. Kennedy have been appointed non-executive directors of REFUGE GROUP from August 1. Mr Davies is managing director of Provident Financial Group and Mr Kennedy is deputy chairman and chief executive of the Thomas Cook Group.

★

CAMBRIDGE ELECTRONIC INDUSTRIES has appointed Mr Barrie Cropper as managing director of subsidiary company C.I. (Polymers). He was with the Allen-Bradley Group.

★

Mr Alan W. Goodman has been appointed a member of the Devon and Cornwall regional board of LLOYDS BANK from September 1. Mr Goodman recently retired as regional general manager, Devon and Cornwall regional head office.

★

Mr Ron Kirby has joined RICHMOND SOFTWARE as managing director. He was previously managing director of Computer Market, which he founded in 1983.

★

Mr Douglas Payne has been appointed an executive director of HARGREAVES GROUP.

★

Mr Andrew Buchan has been appointed a local director of BARCLAYS BANK in Scotland. He takes up his post in October. Mr Buchan comes to Barclays from the Royal Bank of Scotland where he was general manager, central region.

★

PROVIDENCE CAPITOL LIFE ASSURANCE CO has appointed Mr Andrew Palmer as company secretary.

★

FERRAG has made the following appointments to the board: Mr Joe Bell, finance director; Mr George Randles, sales director. Mr Bell, who is also made a director of T&F Equipment, a Ferrag subsidiary, was previously financial controller. Mr Randles was field sales manager.

★

Mr W. C. Campbell has been appointed managing director of ASSOCIATED CONTAINER TRANSPORTATION SERVICES (ACTS) and a director of ACT. He was appointed a director of ACTS in 1976 and the following year he was named deputy general manager.

★

Mr Marcus Beresford has been appointed managing director of PLESSEY CONTROLS, Poole, following the appointment of Mr Ernest Jones as president of Stromberg Carlson Corp, Florida. Mr Beresford joined Plessey from Lucas Electronics and Systems, where he was the director and general manager.

★

Mr Adrian Blackshaw has been appointed an associate director of CHARLES BARKER CITY.

★

Mr Jeremy Letchford has joined BRITISH SUGAR as joint company secretary (designate). His appointment is in preparation for the retirement next year of joint company secretary Mr Philip Cooper.

★

Mr Kevin McMahon has rejoined the BRITISH PRINTING AND COMMUNICATION CORPORATION and has been appointed to the board of BPCC Pre-Press Corporation as personnel director. He was previously with BPCC as personnel director of Waterlow and Sons and before that was industrial relations advisor at the group's head office. Mr McMahon joins BPCC from The Guardian newspaper, where he was responsible for industrial relations.

★

Mr Robert Moore has been appointed managing director of DIAMOND SHAMROCK PROCESS CHEMICALS, Leeds. He succeeds Mr R. Wolfenden, who has retired.

★

Lyndoe (Holdings) has acquired through its subsidiary Taylor-Bradbury Furniture Contracts the business of REPROLINE REPRODUCTION FURNITURE. Appointed to the board of Reproline is Mr M. J. Lyndoe as managing director, Miss R. G. Taylor as director of financial resources and Mr A. Taylor as marketing director.

★

Mr Tom Weatherby has been appointed chairman and managing director of WHITECROFT on the retirement of Mr John Tavaré from the board. A former joint group managing director of Tootal, Mr Weatherby was group chief executive of Readson, a Manchester-based private company, mainly operating in the textile industry, from 1974 to January 1985. He is a non-executive director of Simon Engineering and Chamberlain Phipps, and was appointed a non-executive director of Whitecroft in January 1984 and deputy chairman in February 1985.

Mr Tom Weatherby, chairman and managing director of Whitecroft.

★

Mr Walter Smith, formerly director general of the Ordnance Survey, has been appointed a non-executive director of SYSSCAN (UK).

★

Mr David S. Atkinson has joined the board of MORGAN LOVELL as pre-contracts director.

★

Mr Howard J. Claussen, managing director of DU PONT (UK), a subsidiary of the U.S. international chemical and energy corporation, has taken on additional responsibilities as director, petrochemicals (Europe). His new duties will include evaluation of business opportunities for petrochemicals in Europe.

★

ULSTER TELEVISION has appointed Mrs Betty MacQuitty, author and economist, and Mr Harry Catherwood, a Northern Ireland businessman with interests in the building industry, as vice-chairmen. On reaching the prescribed statutory age limit, Miss Betty Box and Miss Joan Trimble have to leave the board.

★

A new group has been created—AGB SURVEYS. This will be responsible for the management of Research Surveys of Great Britain, Medical Market Studies, Audience Selection, AGB Cable & Viewdata, Questel Qualitative Studies, AGB Travel Research International and QED Research. The operating directors will be Mr Frank Teer (chairman), Mr Nigel Spackman (managing), Mr John Clemens (marketing and development) and Mr Robert Howard-Jones (finance).

★

Mr Michael Daw has joined the board of DPCE (UK), computer maintenance company, as financial director. He has also been appointed company secretary of the parent company, DPCE Holdings. He joined DPCE (UK) in March 1984 as financial controller, after working as a senior financial accountant at Hewlett-Packard.

MANAGEMENT: Marketing and Advertising

EDITED BY CHRISTOPHER LORENZ

While dealer networks are the traditional marketing outlet of Western car industries, a more direct approach is the norm in Japan

Jaguar eyes W. Germany

BY KENNETH GOODING

JAGUAR, Britain's luxury car group, is belatedly making considerable headway with its drive into West Germany, home of its major rivals, BMW, Porsche and Daimler-Benz, the Mercedes company. Sales were a lowly 845 cars in 1982 but reached 1,938 last year and are on course for a record 2,500 in 1985.

How was this achieved? "If you have mucked it up consistently for the past 20 years, it is not too difficult to show progress once you start doing things in a sensible way," says David Boole, director of public affairs for Jaguar.

It does seem that West Germany is one market where the separation of Jaguar from the state-owned BL has paid remarkable dividends. When Jaguar cars were sold alongside other BL products with the emphasis put on a low-cost, value-for-money image, there was clear conflict with the approach required to sell Jaguars successfully.

As John Morgan, Jaguar's European sales director, says: "We want good-quality, conservative-style presentation of our products. This is the approach we have followed consistently for the past two years and the results show it is working. We are on solid ground."

West Germany is vitally important to Jaguar. It is the second-largest luxury car market in the world after the U.S. with an annual demand for 60,000 cars of that type. Neil Johnson, the sales and marketing director, looks forward to the day when West Germany should absorb more Jaguar cars than the UK — where registrations totalled 7,544 last year.

In the medium-term the objective is to take 10 per cent of the West German car market, representing sales of 5,500 to 6,000 a year.

Jaguar began its revitalisation process by carefully choosing a new partner to replace BL in West Germany when it became obvious that the luxury car company would be sold back to the private sector.

It selected the Emil Frey group, one of the largest vehicle importers on the Continent and the oldest Jaguar importer in the world. In 1926 Emil Frey, who started two years before selling motor-cycles in Zurich, Switzerland, extended the business to include importing and distributing cars from Britain: Wolsely, SS-Swallow, later to be renamed Jaguar, and Singer models.

Today the group imports Jaguar, Austin Rover and Land Rover vehicles to Switzerland as well as Toyota and Subaru cars from Japan and Chryslers from the U.S. Frey also operates in France — importing Toyota cars and Motoguzzi motor-bikes — and in West Germany where it has the Subaru franchise.

Jaguar's highly conspicuous Kronberg headquarters

In November 1984 Frey and Jaguar set up a joint company with an initial capital of DM 6m (about £1.5m) of which the UK company contributed enough for a 35 per cent shareholding.

Frey recruited Otto, Prince of Sayn-Wittgenstein, as chief executive. He has been in the motor business since he was 19 (he is now 46) and until he joined Jaguar Deutschland, was with Citroen as the regional director responsible for the north of Germany with 160 dealers to look after.

Prince Otto says it was impossible to resist the invitation to head the new Jaguar company. "Jaguar is an absolutely perfect car with a very good image in Germany. If customers are looked after properly it can be sold at any price." In fact, Jaguars have been carefully priced to compete with the "S" class Mercedes at DM 76,000 to DM 87,000 (£19,000 to £22,000).

The German Jaguar company has arranged for a complex housing a new headquarters, import centre, spare parts centre and retail outlet to be built at Kronberg, near Frankfurt. It has now moved in with a staff of 65 and a long lease.

The Kronberg site was selected because the building, now highly-conspicuously decked out in racing green with Jaguar's familiar leaping cat logo prominently displayed, is alongside the main road to Frankfurt and in one of the most affluent parts of the most affluent country in Europe. It is said that every one of West Germany's senior industrialists travels along that road at least once a year.

The retail outlet was opened formally last month and it should sell 50 cars this year. Fifteen were ordered as soon as word got round that the outlet was to be set up—not one of those customers wanted to inspect a car.

Jaguar Deutschland also disentangled the 110 dealers who held the Jaguar franchise from those in the Austin Rover car network, attempting not to do damage to either company.

Some 35 Jaguar dealers were given their notice but the number has crept back to 101 as Jaguar began recruiting again. On the face of it Jaguar could operate with far fewer dealers. Ten outlets currently account for 70 per cent of all the cars sold and 20 do nearly 100 per cent. However, people do not like travelling more than about 60 miles to have their cars serviced, so Jaguar still needs many small dealers, selling one to 15 cars a year. Many are former Austin Rover outlets.

The small dealers have not been expected to put much extra capital into the Jaguar business but to invest in manpower and training. The new headquarters at Kronberg can provide training when needed.

In 1984 the dealers were told that they must set aside part of their service area specifically for Jaguar and that they must have one trained service person and one fully-trained Jaguar mechanic if they wanted to keep the franchise.

This year, those dealers who wish to remain with Jaguar are being forced to improve their showroom presentation. They must also put aside one corner of their showroom specifically for Jaguar and must have one demonstrator model available in perfect condition — and it must be a current model. Jaguar's own outlet at Kronberg provides an example of what the company expects in future.

The company will probably lose another 30 per cent of its current dealer network because of these demands but applications for the franchise are arriving at the rate of six a week.

"So, by the end of 1985 we will have reorganised and strengthened the dealer network in time for the launch of XJ40," says Morgan. XJ40 is the model which will replace Jaguar's best-selling XJ saloons, probably some time next year.

The company feels that sales of 2,500 cars a year is about the most it can hope for from the current models but the XJ40 offers the chance to move on to achieve 10 per cent of the West German luxury car market by 1990 by which time Jaguar hopes to have 130 strong dealers.

Jaguar's ambitions seem relatively modest compared with BMW's sales of 25,785 cars in Britain through its 149 dealers last year and the 14,057 Mercedes cars registered through 105 dealers.

But, insists Neil Johnson, the strategic push into West Germany is an absolutely crucial part of Jaguar's determined drive to spread its sales over a wider geographic area, to do better on the Continent and to cut the group's heavy reliance on the U.S. market.

"If Jaguar wanted to maximise profit today it would be sending all its cars to the U.S., a highly-profitable market because of the strong dollar, not to Germany, the most-competitive luxury car market in the world where margins are low.

"But the long-term health of Jaguar depends on one quarter of its output going to Continental markets in the longer term. And most of Jaguar's Continental sales will be made in West Germany."

The foot soldiers selling more than just cars

BY CARLA RAPOPORT IN TOKYO

DOOR-TO-DOOR selling in most industrialised countries has gone the way of the percolating coffee pot and the black and white television set. For the most part, direct selling is done on the telephone, through the post, or increasingly in some parts of the world, through home teletext systems.

One imagines Japan, the world's second richest industrialised nation, to be at the forefront of the interactive media revolution. One can almost see housewives in Tokyo hunched over their VDUs, punching out an order for that night's sushi.

In fact, direct selling in Japan is still very much rooted in yesterday's technology. Businesses of all kinds still depend on the door-to-door salesman. Just last week, for example, a businessman working at home in residential Tokyo was visited by people selling things including motor cars, a water purification system, bean curd, tennis holidays and Jehovah's Witnesses. And those were just the salesmen who spoke enough English to describe their wares.

"If that's the man selling cars, tell him we haven't used the one from last week yet"

Mania

But in many cases door-to-door selling in Japan is much more than it seems. Taking the car industry as a prime example, door-to-door selling is actually an extension of the Japanese mania for customer service. A foreign company which dismisses this mania as outdated, unnecessary or too costly is probably doing itself a disservice.

"We go through changes, but door-to-door selling will remain," says Motoya Usami, domestic marketing manager for Nissan, Japan's second largest car-maker. Nissan dealers alone have an army of around 20,000 salesmen. On average, door-to-door salesmen will sell four to five cars each month. But for Nissan, the system fosters one of the company's most valuable assets: brand loyalty.

Nearly 70 per cent of car buyers in Japan remain loyal to one manufacturer throughout their lives. For the most part, that loyalty is due to the dedication of the door-to-door salesman. The salesman not only sells a car, he sells himself as part of the deal.

Nissan's individual salesmen, for example, know when each of their customers might be ready for a trade-in. Not only that, they probably have a good idea whether the customer can afford a new Nissan car. The salesman is also on call to help handle the paperwork following an accident, help arrange the car's repair, or simply remind a customer when his or her car is up for a routine maintenance check.

In most cases, the salesman will arrange to have his customer's car collected and returned to the customer's home when it is time for a maintenance check-up. While making these arrangements, the good salesman will check to see if the customer is thinking about buying a new car. Solicitous questions about his or her family will help the salesman determine whether the bread-winner has had a promotion, or whether the children are now enrolled in expensive schools. This information is then carefully filed away, often in computer files, along with purchase dates and any credit history.

A day in the company of a door-to-door salesman is enough to convince a skeptic that Japanese companies really do pamper their customers. On a recent baking hot day, Mr Yamamoto, a 32-year-old salesman for Tokyo Nissan, slogged around to four customers before lunch. At each visit there was no trace of a hard sell. One got the impression that these were social calls, something that would be a distinct nuisance to an American or European business person, but something the Japanese welcomed.

At each stop, Yamamoto was greeted warmly, given cups of green tea, but in no case was a promise of a sale given. Even so, the young salesman was undaunted. Following a visit to a veteran Nissan car owner at a Tokyo radio station, he confided: "That was my fourth visit in the last few weeks. Next visit, I'm pretty sure he will buy a new model."

At another stop he chatted with a school administrator, who handled the purchase of the school's small fleet of cars and vans. The fleet is made up of about half Nissan cars, as mixed fleets are quite common in Japan. His job is to visit each owner of a fleet car and make sure they stay with Nissan. He was unsuccessful with the school's head, however, who switched to a Mercedes Benz two years ago.

In general, salesmen like Yamamoto make very few "cold" calls. "We don't go in for saturation bombing," says a Nissan executive. Instead, the salesmen make appointments with car owners at their offices. If this is impractical, he visits their homes. Most salesmen end up working a six-day week and get about two weeks' holiday a year. Most work on a straight salary of around Y4m (£11,800) a year, but commissioned salesmen are not uncommon.

A university graduate, Yamamoto said his job was a "kind of privilege." He seemed genuinely proud of what he was doing, even down to giving away packets of cheap handkerchiefs to each customer with a Father Christmas kind of air.

Dependent

With domestic sales of cars showing almost no growth, Nissan is increasingly dependent on its foot soldiers like Yamamoto. The company says that 60 per cent of its operating profit comes from frills like insurance, hire-purchase deals and other extras, with only 40 per cent coming from selling cars.

As far as the dealers are concerned, new forms of distribution systems are eroding their business. These include leasing companies, department stores and even mail order companies, who are all getting into the car sales act. "We can sell to these other kinds of companies," says a Tokyo Nissan executive, "but we lose direct contact with the customer." And it is the customer, after all, who buys the frills and keeps coming to the same company.

TECHNOLOGY

EDITED BY ALAN CANE

Software that tracks down faults on a production line

Peter Marsh on manufacturing control

THE SUPERMARKET manager has a problem: A customer has fallen ill after eating a can of beef-stew bought from his shop and the manager wants to find out why and how the mishap happened.

Discovering the details, however, may be far from easy. The manufacturer which prepared the food may have problems tracing exactly what happened to the product as it progressed through the factory.

Still more difficult may be to find out about the raw materials that went into the stew. For instance, the food company could encounter problems in discovering which abattoir provided the meat, let alone details about the sequence of events on the farm where the animal was reared prior to slaughter.

Difficulties of this kind crop up time and again in a variety of industries. Manufacturers of specialised equipment such as defence hardware may have to convince customers that they have satisfied certain requirements, over security for instance, at each stage in a production process.

Companies that turn out anything from confectionery to drugs may be called upon to list huge volumes of information about individual points in the manufacturing cycle to satisfy government regulations on safety or additives.

To meet the requirements of organisations with such problems, Martin Marietta Data Systems of the U.S. has introduced a software package that enables companies to obtain from computers details of the minutiae concerning products and raw materials.

According to Hoskyns, a London-based Martin Marietta subsidiary which is selling the package in the UK, the software is an improvement on the manufacturing-control packages that are routinely available.

A range of companies, from major computer suppliers such as IBM and DEC to software houses such as Scicon and Logica, sell programs of this kind that help companies to manage their processing or engineering operations.

With the Martin Marietta software a manufacturer can insert in computers a range of information on, for example, quality-control procedures, the origin of raw materials, the progress of products through manufacturing stages and details of by-products.

Operators on the shop floor would provide Hewlett-Packard minicomputers with these details using small terminals. At a later stage, managers would be able to interrogate the computers to call up data from every phase of manufacture.

One customer in the U.S. is King Shrimp, a Florida-based food company which with the system keeps track of information about its fish products. With the software, the company can find out about when and where the fish were caught for specific packaged items.

It also uses the system to log information about by-products from fish processing operations, for example the fertilisers that are made from shells.

Other companies to buy the Martin Marietta software include BASF, which makes magnetic tapes, and drug manufacturers such as Sandoz, Merck and Key Pharmaceuticals.

According to Hoskyns, stringent federal regulations in the U.S. on food and drug safety are causing more companies to introduce such systems.

The cost of the software itself is only £10,000-£20,000. It normally requires a network of perhaps 50-100 terminals plus central minicomputers that can cost £100,000-£200,000.

In Britain, Hoskyns hopes to sell the package to customers that have already bought more rudimentary sets of software for their factory operations, for example to keep track of goods in warehouses or to link up shop-floor activities with financial departments.

One such customer could be Thorntons, the chocolate manufacturer, which has a factory in Belper, Derbyshire. Thorntons uses a Hoskyns system to keep details of how long its chocolates stay in stock. The same system stores information about different confectionary recipes.

Satellite link-up may bring help to the hungry

BY THOMAS LAND

A GROUP of highly skilled volunteers on both sides of the Atlantic is building a sophisticated second-generation satellite and a space communications infrastructure designed to meet the needs of villagers around the hungry belt of the globe. The rapidly expanding project, co-ordinated by a British university, is to improve education, health, agricultural productivity and public administration in remote areas.

The system is based on a small satellite in a low orbit, housing a battery operated computer which can communicate at amateur radio frequencies with inexpensive transmitters and receivers on earth. The vehicle circles the earth every 100 minutes, passing over every spot of the globe at least twice a day; and it is therefore capable of relaying messages anywhere.

The first public exchange of messages via UOSAT, the experimental communication satellite orbiting the earth at an altitude of 60km, has been described by Development Forum, the journal of the United Nations University. Introducing the new concept at a conference of the Pacific Telecommunications Council in Hawaii, specialists from the development agencies supporting the project sent messages to the University of Surrey in Guildford, England, where the satellite had been built.

The messages — digitised "packets" of information — were stored in the satellite's on-board computer. A few hours later, when the satellite passed over England, the letter-perfect messages were transmitted to earth and printed out automatically by the Surrey ground station's small personal computer.

The project is backed by such groups as Volunteers in Technical Assistance (VITA), a private American non-profit organisation that helps solve technological problems for poor countries, and Inter Pares, a Canadian non-governmental organisation concerned with education and economic self-sufficiency in the hungry world. The Ottawa-based International Development Research Centre, which supports higher education and scientific research in the developing regions, is also interested in possible uses of the satellite.

This youngster at Korem Camp in Ethiopia might have been helped sooner with better communications.

The project will come into operation shortly when UOSAT is replaced by a new inexpensive, high-power communication satellite called PACSAT. It will have many uses, all aimed at improving communications in isolated rural areas where lack of roads, telephones, electrical power and transport services limit the effectiveness of development projects.

The new satellite will widen access to information, assist schools, ease the logistics of famine relief and aid a wide range of enterprises by providing reliable contact with distant production, transport, survey and supervisory teams.

Ground stations servicing the satellite will cost less than $2,000 each. They will comprise small computers, simple transmitter-receiver sets the size of a portable radio as well as vertical antennae. The Canadians intend to help groups in poor countries to purchase their own ground stations.

Larry Kayser, a manager for Bell Canada data network who is involved in building the new satellite, explains: "Our intention is to put a ground station in a corner of a village and to point the antennae in the right direction. A field worker would only have to check it for a few minutes every day. It would sit there and accumulate messages."

Dr Gary Carricott, international applications manager for VITA, adds: "I just wish that the people co-ordinating famine relief in Ethiopia had a PACSAT to communicate with. It would solve a lot of problems in getting help to those remote areas."

VITA and its partner in the spare communication project, the non-profit Radio Amateur Satellite Corporation, hope to launch future PACSAT vehicles on a quasi-commercial basis using non-amateur frequencies. They estimate the PACSAT budget, from design through launch and operation, including all equipment and personnel costs, at well under £1m.

Electronic quality control

COMPANIES that use moulding techniques to make plastic components could be helped by an image analysis system produced by Vinten Scientific Systems of Bury St Edmunds, Suffolk.

The hardware, called the Comparatronic 5124, compares a video image of a piece of plastic with a library of shapes and sizes stored in an electronic memory. A manufacturer can thus check on the dimensions of products without using mechanical probes or relying on a worker to inspect goods visually.

A TV camera is positioned behind the mould tool to take pictures of objects as they emerge from the production equipment. The computer hardware checks the dimensions of the article in one twentieth of a second.

With this technique, a manufacturer can check, for example, that the moulded item has been ejected out of the mould safely without the tool snapping off a vital part such as a pin. More on 0284 2121.

Measuring flow in pipelines

THE NATIONAL Engineering Laboratory in East Kilbride is to study the costs of measuring fluid flow in pipelines.

The work will examine new ways to produce orific plates —discs with a hole in the middle which are inserted into pipes. By measuring the pressure difference across the plate, the rate of flow can be calculated.

The laboratory, run by the Department of Trade and Industry, is trying to assess if the tolerance required for the plates under international standards regulations are unnecessarily stringent. It is setting up a consortium of companies which will receive results from the programme and help to pay for the work.

Traditional paint theory comes unstuck

A RESEARCH team in Manchester is challenging one of the traditional tenets of the construction industry — that paint on metal structures such as bridges adheres better if the surface is roughed up initially.

The workers have found instead that adhesion is improved — in the vocabulary of the painting trade, the paint "keys" better — if the surface is smooth.

The studies, in which researchers are attempting to measure the force with which paint sticks to a variety of substances, could change the way civil-engineering companies approach the job of painting large structures.

Conventionally, they grit-blast the material, primarily to clean it but also in the belief that a rough surface makes the paint adhere better.

The conclusion about outdoor painting is one of several unexpected results of work partly supported by International Paint at the Department of Corrosion Science and Engineering at the University of Manchester Institute of Science and Technology.

In the studies, in which the Manchester workers are collaborating with International Paint's research laboratories at Gateshead, researchers led by Dr David Scantlebury have constructed an ingenious machine which measures paint adhesion.

According to Dr Scantlebury, quantifying this property, a factor of interest not only to the construction industry but to the ordinary person with a taste for home decorating, has been done before only with inaccurate methods.

In the UMIST technique, the material to be painted first has a hole drilled through it of a few millimetres in diameter, which is plugged with a piece of plastic. One side is coated with paint of the required thickness.

After the plug has been removed, a fluid is passed at high pressure through the hole to force the "skin" of paint above the cavity away from the material.

With a microscope attached to a video camera, a researcher can record the rate at which the blister of paint swells and eventually bursts. By correlating this with the pressure of the fluid, the worker measures the force with which the covering adheres to the surface.

So far the UMIST workers have obtained ratios for the degree of adhesion between paints of different types and different kinds of surface material.

In further work they hope to understand better the nature of the force that causes paint to bind. This is thought to be a weak molecular force between particles in the wall or structure and in the paint.

Dr Scantlebury says another unexpected outcome of studies using the UMIST machine concerns the adhesive strength of paint which is saturated with water.

He showed that construction companies need not worry too much if it rains while they are painting outdoor structures because once dried by the sun the paint adheres as well as paint that has not been mixed with water.

UK COMPANY NEWS

Mercantile House down only 8%

DESPITE A pre-tax profit slip of 8 per cent, the City reacted favourably yesterday to Mercantile House Holdings' figures for the 1984-85 year.

Analysts had been alert to problems in the U.S. stockbroking subsidiary Oppenheimer & Co (OpCo), and the market consensus was for e taxable figure of around £50m, compared with last year's £56.91m. In the event, the result at £52.16m—including a £1.65m contribution largely from the Laing & Cruickshank associate—was enough to put 7p on the shares, which closed at 247p.

Mr John Barkshire, Mercantile chairman, was in a "quietly confident" mood yesterday, despite the profit slip. "We think most of the group is going well. We believe that the spread of the business operationally and geographically will enable us to make progress even if London becomes less profitable."

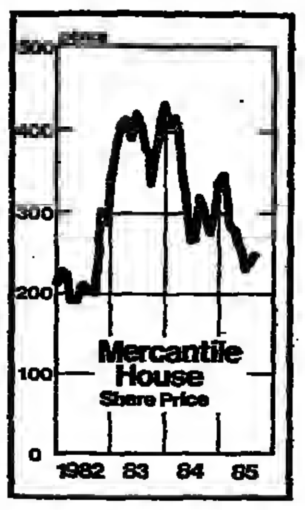
He identified two gaps within the present structure: the Tokyo market, where Mercantile would like to buy a holding in a Japanese securities house, and fund management in the UK.

Turnover for the period to April 30 rose by 58 per cent to £740.72m.

As regards the future, Mr Barkshire said the outlook was unchanged. "Voletile markets continue to benefit the wholesale broking division, but while the investment banking and securities trading division is currently achieving an improved performance it requires a fall in interest rates in the UK and a return of the private investor to Wall Street before their fortunes will dramatically improve." He saw some evidence that both these events may happen.

He was very encouraged by the progress made by the Marshalls and William Street broking companies. Both took advantage of favourable markets, and helped the wholesale broking division to a 24 per cent rise to profits of £33.5m.

This profit increase went some way to counterbalancing the decline in the investment banking and securities trading division, which turned in profits nearly £10m lower at £12.31m. It also took in a loss of £1.4m relating to the failure of ESM, e U.S. bond trader.



In the UK, Alexanders Discount's good start to the year was more than offset by losses brought about by successive rises in interest rates early this year. The figures include the results of the enlarged discount house created by the merger of Alexanders with Jessel, Toynbee & Gillett last September.

The chairman also said that the Saturn leasing operation continued to make excellent progress, and Rouse Woodstock, now without any presence in the U.S., improved its performance, particularly at home.

In contrast, in the U.S. OpGo was adversely affected by the low level of retail commissions and the loss of its range of specialist tax-advantaged products as a result of proposed charges to the U.S. tax structure.

Another U.S. offshoot, Oppenheimer Capital (OpCap), produced an "excellent performance."

In the circumstances, the directors consider the overall result satisfactory, and have recommended a final dividend of 9p (8.25p) for a total of 13p (12p). Earnings per share are stated at 39.87p (44.25p) undiluted.

An extraordinary item of £1.01m relates to the withdrawal from U.S. commodity related activities due to low margins.

See Lex

Guinness and Bell step up bid battle

Arthur Bell & Sons, the Scotch whisky distiller, allowed Arthur Guinness & Sons only a brief period of glory yesterday when it announced that sales of Guinness in the first six months of this year were the best for any comparable period in the last 15 years.

For Bell, which is making a fierce fight against a take-over bid by Guinness announced later in the day that according to a sales audit of the licensed retail trade, carried out by Stats MR, Guinness's share of the overall beer market had continued to decline since the new management of Guinness took over in 1981.

Guinness had announced that sales of draught Guinness in the first half of this year increased by over 5 per cent lo volume against the same months in 1984. The figures, said Guinness, were the best for 15 years and marked the turnround in sales in 1982

The company, which is about to launch an edvertising campaign confirmed that sales of its stout in returnable bottles were down as they were the industry generally with the growth being in non-returnables. In the first six months of this year sales of the company's 16 oz cans of Guinness were up by 15.5 per cent

Bell took yesterday's announcement as an opportunity to attack claims made by the Guinness management about their marketing skills.

Bell said that in the take-home beer market, research showed Guinness' percenlage share of off-sales had fallen—at the end of December 1984 it was little more than two-thirds of its 1981 level.

Reed's £10m freesheet purchase

BY DAVID GOODHART

Morgan Communications, the fast growing non-union free newspaper publisher, has been bought by Reed International in a deal which values the company st £9.7m.

Mr Paul Morgan, the former Daily Express journalist who launched the group in 1977 with the Wimbledon Guardian, stands to pick up nearly £7.5m through the sale. He owns 77 per cent of the 7.1m shares.

Reed, which already owns several paid and free provincial newspaper groups, has offered either 136p cash for each Morgan share or 136p of unsecured loan notes of Reed for each Morgan ordinary. Mr Morgan, the chairman, and the directors, together holding 85 per cent of the shares, have accepted the offer and will probably take a mixture of cash and loan notes. Morgan's share price rose 1p yesterday to close at 133p, while Reed's rose 8p to close at 643p.

Reed's interest is in the eight south London free weeklies with e combined circuletion of about 700,000. "With Reed's existing south London free paper, the New Shopper, that will give us a circulation of about 1m in one of the most prosperous parts of the country," said Reed director Mr Donald Anderson.

However, the five more recently acquired and less profitable south coast titles—with a combined circulation of 300,000—will be bought back by Mr Morgan for £500,000 as part of the deal.

He said yesterday that "the ideal of playing with papers on the south coast appeals to me" and added that he may eventually return to the stock market with an expanded south coast group.

Morgan Communications, which was floated on the USM in February 1984, mada e pre-tax profit of £824,574 on a turnover of £6.89m to the year ending March 31 1985.

Competition, however, has been intense recently, in particular with the Portsmouth and Sunderland Group, and Mr Morgan said he wanted "to fight the battle on fewer fronts for a time."

Interest costs restrict Cowie rise

HIGHER INTEREST charges have put the brakes on T. Cowie's expeclations, and the continuation of high rates will continue to downgrade the company's anticipated level of profitability, say the directors.

Taxable profits for the six months to end-June 1985 amounted to £1.63m, a sharp improvement on the £807,000 attained in the comparable nine-month period. However, the advance was restricted by a £2.26m rise lo £4.55m in interest costs.

Despite this, the directors are confident of substantially improving the results to a record level for the year.

Cowie is engaged in motor vehicle dealing, coach operations, safety equipment, and finance. Turnover for the half year was £112.36m (£100.08m for nine months).

The directors say that property disposals are progressing well, although any major effect on the balance sheet will not materialise until the second half.

First-half tax was considerably higher at £366,000, against £121,000, but this is expected to be substantially minimised by the utilisation of tax losses

Earnings per 5p share were up from 4.36p to 8.15p and the interim dividend is 1.25p, compared with 1p for the nine-month period.

● comment

T. Cowie has dabbled with motor-cycles, coaches, tractors and fire alarms without any notable success but with the acquisition of Hanger it seems to have struck lucky at last. The first-half profits growth is impressive even before making allowances for the fact that a six-month period is being compared with a nine-month one. Hanger's contract hire business, Interleasing, has combined with Cowie Financial Services to create a fast-growing finance division which has contributed 40 per cent of pre-tax profits in the first half. On the downside, the growth in the leasing business has brought with it a 119 per cent leap in interest charges and has the group geared up like a finance house with £80m in debt backed by £14.5m in shareholders' funds. In the second half the group hopes lower interest rates will enable it to increase the proportion of profits contributed by leasing in order to compensate for a possible slow-down in the contribution from motor sales: no one makes much money from selling cars these days and Cowie's second half tends to be its weakest. With the shares up 2p at 71½p, the prospect of £3.2m has the shares on a meagre prospective p/e ratio of 5 after a 15 per cent tax charge, the market clearly wants to wait and see.

Portuguese stake costs BAT over £40m

By Tony Jackson

Wiggins Teape, the UK paper-making subsidiary of BAT Industries, is to pay £41.25m for a 42.9 per cent stake in Portuguese pulp producer Coporcel. The deal, announced in principle last October, involves the building of a paper machine in Portugal with a minimum capacity of 120,000 tonnes.

Soporcel—Sociedade Portuguesa de Celulose—is a private company, most of its capital being owned by Portuguese banks. The company has already built a pulp mill, started up in the middle of last year, with a planned capacity of 280,000 tonnes.

The mill uses as raw material Portugese eucalyptus. Of the 280,000 tonnes of pulp already purchased yearly by Wiggins Teape for its paper making, over 100,000 tonnes consists of eucalyptus pulp from Brazil and the Iberian peninsula.

Wiggins Teape's parent BAT has large eucalyptus pulp interests in Brazil, held through its Souza Cruz subsidiary. It seems likely that purchases from Brazil will continue, but that supplies from the Iberian peninsula will be increasingly sourced from Soporeel.

Plans for the paper machine, including feasibility studies, should take until the end of 1989 to complete. Installation of the machine is expected in the early 1990s.

The cost is provisionally estimated at $200m (£140m), but it is expected that this will be wholly met by cash flow from the pulp mill without further capital investment.

For Wiggins Teape, the move represents a marked change in strategy. Although one of the UK's biggest papermakers, the group has specialised in niche markets with high added value, and has kept out of integrated production involving both pulp and paper manufacture.

The Soporcell machine will produce wood-free printing and writing papers, and will offer Wiggins Teape the opportunity to move into larger volume commodity products based on cheap raw materials and integrated manufacture.

The strategy forms part of a repositioning throughout the European paper industry. Countries such as the UK and Germany have large markets for paper, but modest timber resources. Timber producers such as Sweden, Finland and Portugal has correspondingly small populations.

Partly in response to the potential threat from U.S. producers, who enjoy both a large market and large timber resources, some European producers are looking to join forces.

Smiths Industries' S. African disposal

SMITHS INDUSTRIES, the aerospace and marine instrument supplier, is pulling out of South Africa with the sale of its Durban-based automotive component subsidiary to Metair Investments, a South African automotive components manufacturer, for an undisclosed price.

However, Smiths said yesterday its turnover in South Africa was around £5m, and the net asset value of Smiths Industries (Pty) was around £1m.

Smiths claimed the sale completed its "planned withdrawal from the automotive sector worldwide."

The disposal, however, has taken place at a time of great uncertainty about the future of South Africa, and the stock market reacted to the sale by marking Smiths' shares up 10p to a closing price of 179p.

BOARD MEETINGS

TODAY

Interims: Barclays Bank, Berkeley Technology, Johnstone's Paints, Midland Bank, St Andrew Trust.

Finals: Peter Black, Electron House, Lister, London and Gartmore Investment Trust.

FUTURE DATES

Interims—

Allde Holdings	Aug 29
Gould (Lawrence)	Aug 5
Hongkong & Shanghai Banking	Aug 27
Novo Industri A/S	Aug 15
Sycamore Holdings	Aug 9
Finals—	
Erith	Sept 25
Peel Holdings	Aug 5

Financial Diary

Friday, August 2

COMPANY MEETINGS—

BPB Industries, Inn-on-the-Park Hotel, Hamilton Place, Park Lane, W. 12.00
Brickhouse Dudley, 225 Hagley Road, Edgbaston, Birmingham. 12.00
Celestion Industries, Brown's Hotel, Dover Street, W. 12.00
Country Gentlemen's Assn., Icknield Way West, Letchworth, Herts 12.15
Cullen's, 21 Berners Street, W. 3.00
Finlay (James), 65 Glassford Street, Glasgow. 12.00
GEI Internationaly, Savoy Hotel, Strand, WC. 12.00
Mitchell Somers, 9 Little Trinity Lane, EC. 12.00
PCT, Holiday Inn, Glasgow. 12.00
Scapa, Moat House Hotel, Yew Tree Drive, Blackburn. 11.30
Smith Brothers, Institute of Chartered Accountants, Moorgate Place, EC. 12.15
Sound Diffusion, Dalem House, Dariddor Road, Hove, Sussex. 3.30

Debenhams battle hots up as Fraser lifts stake

BY MARTIN DICKSON

BATTLE intensified yesterday for the support of Debenhams shareholders who must decide on Friday whether to accept Burton Group's £550m bid for the department stores group.

House of Fraser, the stores group which on Tuesday unveiled a joint scheme with Debenhams to block the Burton bid, disclosed yesterday that it had lifted its stake in Debenhams to 22.52 per cent, through the purchase of 7.5m shares.

Meanwhile Burton, anxious to convince investors that its offer still has hopes of success, was emphasising that Fraser's involvement in Debenhams was bein gscrutinised by the Office of Fair Trading and could be referred to the Monopolies and Mergers Commission.

Ironically, the 7.5m shares bought by Fraser on Tuesday were sold by Warburg Investment Management, e fund manager in the same group as Burton's financial adviser, S. G. Warburg.

Debenhams shares yesterday fell 7p on the day to close at 306p. With Burton up 2p at 452, its paper and loan stock offer is worth 331p a share, with a 327p cash alternative.

Mr Ralph Halpern, Debenhams' chairman, and Sir Terence Conran of Habitat-Mothercare, which is backing Burton's offer, yesterday toured City institutions seeking to rally support.

In a letter mailed to Debenhams shareholders last night, Mr Halpern said that House of Fraser's share purchases could lead to a reference to the Monopolies Commission. "If Burton offer lapses, the value of your Debenhams shares may well be further depressed by House of Fraser being required by law to sell some, or all, of the Debenhams shares it currently owns," he added.

Aim advances 49% to £1.7m

Aim Group, the aviation and general engineer, achieved a 49 per cent increase in taxable profits from £1.16m to £1.72m for the year to end-April, 1985.

The result follows on from the 71 per cent advance shown at halfway which Mr R. MacDonald-Hall, the chairman, said confirmed solid progress by the group.

Turnover for the year rose from £13.22m to £16.72m and earnings per share advanced by 1p to 8.9p after tax of £791,000 (£329,001)—there were extraordinary debits of £62,000 (£164,000).

The board is recommending an unchanged final dividend of 3.85p which holds the total at 5.75p.

● comment

AIM's pre-tax figure disappointed those who had expected a recovery to the 1982 peak of £2.25m but the 49 per cent increase generated enough optimism to keep the shares steady at 98p. This optimism could be misplaced: the biggest single contributor to profits growth was the contracting division, whose profits leapt from £12,000 to £347,000 largely because a number of completions happened to come through in the 1984 period. There was a healthy turnround at the Mealstream oven-making subsidiary which made a £133,000 profit against a £127,000 loss, but the core aviation division slipped from £1.49m to £924,000 in spite of an improved performance from W. Henshall, which is benefiting from management changes. The refurbishment of aircraft is a buoyant market but margins are under increasing pressure from the competition and there is unlikely to be any significant improvement this year; nor do the other divisions hold out any great promise, bar possibly Mealstream, where order books look strong. About £2m looks possible this time, which has the shares on a rosy-tinted prospective p/e of nearly 9 after a 40 per cent tax charge.

600 Group orders strong

By David Goodhart

Sir Jack Wellings, chairman of machine tool manufacturers the 600 Group, told the AGM yesterday that recent acquisitions had put the group in the top five in its sector in the UK.

The company recently announced pre-tax profits of £7.6m on turnover of £187.3m and the chairman said that after four very difficult years the order books for the first three months of the year remained strong and the improvement continued.

A threatened shareholder revolt, led by Mr David Wilson, in protest against the recent poor performance of the company and alleged distortions in the presentation of the company's figures, came to nothing. Sir Jack Wellings was re-elected by 8.6m votes to 41,010.

Glass Glover

Glass Glover, the fresh fruit and vegetable importer and distributor has acquired a 51 per cent interest in Exel Produce, a glassbouse and heat reclamation project from Express Dairy, for £650,000 in cash.

Exel, which was set up in 1979 as a joint venture between Express and the Central Electricity Generating Board, is scheduled for completion in September of this year. Glass Glover is also acquiring a 103 acre Express Dairy farm near the Exel site in North Yorkshire for £145,000 in cash.

Good start for CAP shares

BY STEFAN WAGSTYL

SOFTWARE COMPANY CAP Group made a sound debut on the stock market yesterday despite the recent weakness of prices in the high technology sector.

The shares, offered at 120p, opened at 131p when dealings started, and rose steadily to close at 141p.

Jobbers said that very little business was done in the stock. Mr Graham Meek, a director of Wood Mackenzie, broker to the issue, said that turnover had been reasonable with institutions buying shares.

CAP Group has pulled off its flotation in very difficult stock market conditions. The fall in share prices in the electricals and electronics sectors forced the group to scale down its valuation from £30m-£40m, as indicated early in June, to £26.2m at the offer price.

However, yesterday's market debut was helped by a modest recovery among high technology stocks since the offer for sale closed last Thursday.

Mr Alan Benjamin, a CAP director, said: "We are very pleased indeed with the price."

One jobber said: "I think they deserved a premium just for coming to market in these conditions."

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corre-sponding div.	Total for year	Total last year
Aim Group	3.85	Oct 1	3.85	5.75	5.75
Armitage S	2	—	2	3	2
Caledonian Cinemas	60**	—	8	62	10
T. Cowie ... int	1.25	Aug 23	1‖	—	2.75¶
Martin Ford ... int.	nil	—	nil	—	0.05
Havelock Europa	1.6‡	—	—	2.3	—
Mercantile Hse.	9	Sept 25	8.25	13	12
Ocean Transport ... int.	2.55	Nov 1	2.15	—	5.48
David S. Smith	2†	Oct 1	1.5	3	2.5
Trent	0.63	—	0.53	1.05	0.88
Cons. Tern ... int.	1.68‡	—	—	—	—

Dividends shown pence per share net except where otherwise stated. * Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. ‡ USM stock. § Unquoted stock. ¶ For 15 months. ‖ For nine months. ** Includes 50p jubilee payment.

UK COMPANY NEWS

Tonks victorious after Court ruling

By Terry Povey

FOLLOWING a High Court hear-ieg yesterday Newman Tonks emerged successful in its bitterly contested bid for R. Cartwright (Holdings). The £11.9m offer closed last Friday but the count ef shares was disputed by Cartwright.

On Friday, Hill Samuel, en behalf of Tonks, claimed that it had purchased or received acceptances fer 52.349 per cent of Carwright's issued equity. In respense the Cartwright camp claimed that a parcel of 250,000 shares, about 3 per cent, had been double counted. The parcel was sold by Save and Prosper.

The Court yesterday found thet the disputed shert sale of shares by Save and Prosper was valid provided no evidence existed of cellusien between the vander and the buyer. County Bank, en behalf of Tonks, accepted that the purchase from the institutien bad been made in good faith.

As the champagne bettles were being broken epen at Hill Samuel, Tonks' adviser, the victorieus party claimed that it had been the Cartwright camp wbich had urged Save and Prosper to sell in tha market ence the institution's intention to assent to the offer became known.

According to County Bank this strategy was aimed at limiting the Tonks' camp capacity te buy in the market. Tonks could not exceed 15 per cent in its direct purchases as it was nnable te raise its casb offer which had already been declared final.

At Save and Prosper there seems to have been some confusion ever the share parcel, with one fund manager selling in the market and another assenting to the paper-plus-cash bid.

Further confusion was caused yesterday when County Bank announced that it had been in the market and bought 1,000 Cartwright shares at 200p—some 25p abeve the offer level. According to the bank the buying move was only to protect its position as a plaintiff

Although County Bank was given leave to appeal against yesterday's court ruling it would seem that such a decision is unlikely. The bank intends to write te Cartwright's shareholders urging acceptance of the Tonks' offer on which the 165p cash alternative lapsed last Friday.

See Lex

Associates lift Ocean to £15.7m

A SHARP rise in associate contributions was mainly behind a near £4m increase to £15.7m in interim taxable profits at Ocean Transport and Trading.

OCL, in which Ocean and P & O are partners, in particular performed strongly and accounted for most of a £5.6m rise to £12.7m in trading profits from marine associates.

Cory, the fuel distribution, waste management and aggregates subsidiary, contributed mere at £7.3m, against £6.8m, while OIL, engaged in offshore supply and servicing, returned a lower £1.2m (£2.3m).

Mr W. N. Menzies-Wilson, the chairman, says that Cory's results inclnded a useful recovery in coal trading and, for the first time, e contribution from the GLC waste disposal contract which started in the spring.

Against this improvement, ha says that mere difficult trading conditions in the Far East hava held back further growth in the freight forwarding business, MSAS. Other Cory businesses have in general performed as expected.

He says OIL's results were

Mr. W. N. Menzies-Wilson, the chairman.

depressed by the condition of the supply boat market but its "continuing profitability compares very well with others in the same market."

West Africa trade has improved over 1984's depressed results but, as expected, recovery remains slow.

Group turnover for the six months to end-Juna 1985 rose from £358.7m to £411.7m. The pre-tax result was struck after ship sale losses of £2.9m (profits £1m) and interest of £3.9m (£4.1m).

The chairman says that second half trading conditions so far are similar to those in the first half. "Tha past six months has seen major swings in exchange rates, and continuing volatility could have a material impact on our international businesses. In these circumstances, Cory's steadily increasing sterling earnings are a welcome counterbalance."

First half earnings rose to 6.8p (3.1p), after tax of £7.6m (£4.9m), and the interim dividend is being raised to 2.55p (2.15p).

● comment

Ocean unfurled some healthy interim results yesterday, but irritated the City with what was seen as another ungenerous dividend rise now that profits are on the move. It was after the small rise in the total 1984 payment that P & O took advantage ef a slack share price to boost its stake to 10 per cent. It has stuck at that ievel, but a bid could come. Overseas Containers Ltd, the major contributor to Ocean's profits, will ba central to the intentions of P & O, which also bolds a stake in OCL. The jump in OCL's earnings reflects high cargo volumes between Europe and both Australia and the Far East, cuts in ovarheads and shrewd currency hedging. But new rival ships are coming ente the market fast, and OCL's pre-tax profits, expected to epproach £70m this year against £58m in 1984, could ease te £40m in 1986. Ocean is thus vulnerable to the OCL trend.

Ocean's debt fell £10m to £95m, 40 per cent of shareholders' funds; some £34m of deht on the new Barber roll-on/roll-off ship has just been switched from dollars to sterling te limit risks from a volatile U.S. currency. Analysts are plumping fer Ocean profits (befere ship disposals) of around £35m this year, giving e solid prospective p/e of 8.5 on the shares at 161p, down 5p yesterday.

COMPANY NEWS IN BRIEF

Vickers has sold Vickers-Dawson, its bottling equipment manufacturing division, to Barry-Wehmiller, a wholly-owned subsidiary of Barry-Wehmiller Co, of the U.S., for about £1.8m. This has been satisfied by tha issue to Vickers of shares in Barry-Wehmiller, which plans to close the Vickers-Dawson Crayford works where virtually all 170 jobs will be lost.

PILKINGTON BROTHERS' shareholders were told at tha annual meeting that the group's UK operatiens were likely to be in deficit at the interim stage—traditionally the weaker half—because of exceptional redundancy charges. The company also warned of the possible adverse affects of exchange rate fluctuations, which cost the company £11.7m in overseas profits last year.

INTERNATIONAL DISTILLERS and Vintners, a subsidiary of Grand Metropolitan, has acquired John B. Wilson and Sons, wine and spirit wholesaler and retailer, for £1.5m, financed partly by 300,000 new ordinary Grand Metropolitan shares, by £420,000 of 11 per cent redeemable unsecured loan notes 2000, and £223,424 cash. The acquisition will strengthen IDV's wine and spirit retailing company, Peter Dominic.

AUTOGEM, a manufacturer and supplier of exhaust fittings, has been purchased by a management consortium from UAC International, a Unilever subsidiary, which had owned the company since 1978. Autogem's subsidiary companies, KRC Quality Rubber Mouldings and Genex Engineering, were included in tha deal, which forms part of Unilever's strategy of selling off "non-core" businesses. The purchase involved assets of more than £2m.

BTR has sold Tilling Energy, through which it owns a 3.8 per cent share in e licence for eil exploration in the Nerth Sea Block 16/12A, to Trafalgar Oil and Gas, a subsidiary of Trafalgar House. The consideration was £3m. BTR says it will continue to focus on the heavy engineering and other manufacturing sectors supplying the oil and gas industries.

CYSTIC FIBROSIS RESEARCH Investment Trust had a net profit of £21,354 for the six months to end-June 1985, after tax of £9,113. Income totalled £47,053 and expenditure £16,586. Its net asset value per £1 share was 344.3p at end-1984, and 265.7p at end-June 1984.

Murray Growth shareholders wait on board's decision

BY ANDREW ARENDS

THE BOARD of Murray Growth Trust, the Glasgow-based investment trust with net assets of £152m, yasterday advised shareholders to take no action on the cash takeover bid launched for it from the Merchant Navy Officers' Pension Fund.

The Fund and its associates already bold 24.8 per cent of Murray ordinary shares and 2.3 per cent of its "B" ordinary shares.

The offer is 100 per cent of Murray Growth's net asset value in cash, subject to a minimum price of 102 5/64thp a share for aach ordinary "B" ordinary share.

The Fund said it was not possible to predict the exact amount shareholders would receive, but calculated the offer as 113.2p per share at clese ef business on July 29. Last night Murray Growth shares were 2p np te close at 105p.

There is alse a 60p casb offer for each 4.75 per cent £1 cumnlative preference share.

The Murray Growth board said yesterday that it had noted the announcement on Tuesday by the trustees of the Fund and that it weuld be writing to shareholders shertly with its views en the offer.

Murray Growth's largest holding is a 6 per cent stake in Rebert Fleming beldings, parent of the merchant bank which is also advising the Trust. Its investments are split between the U.S. and the UK, with electric and electronic shares accounting for around 20 per cent of its investment portfolio.

● The London Investment Trust is interested in 1.75m ordinary shares (8.17 per cent) of the Argyle Trust.

UK COMPANY NEWS

Western Board purchase boost David Smith profit

THE PURCHASE of Western Board Mills has given a fillip to David S. Smith (Holdings), which yesterday reported a sharp improvement in earnings for the 1984-85 year.

Approximately half of the £1.05m taxable profit was attributable to a four-month contribution from Western Board. In the previous year Smith earned £24,000 after £201,000-worth of reorganisation costs.

The final dividend is being raised from 1.5p to 2p, making a total of 3p (2.5p). Earnings per 20p share amounted to 5.9p (0.2p).

Mr D. S. Smith, the chairman, says that the organisation of the subsidiary, David S. Smith, carried out in 1984 has already proved its value by increasing sales and productivity.

"The purchase of some new equipment will provide a faster and more flexible service to customers," he says.

Group sales of this photo-litho printer and carton manufacturer moved ahead from £5.4m to £8.31m, generating operating profits of £702,000, against £151,000.

It was indicated et the time of the Western acquisition that the combined effect of higher energy costs and increased waste paper prices had reduced operating profits.

"However, since the acquisition, sales have increased from the low level of activity during the winter and there is every reason to believe that the extra resources now being allocated to the selling effort will yield increased profits in the future," says the chairman.

After the year end (April 30), the company purchased Abbitrin, which comprised of three packaging businesses. Its results for the year to April 30 — not included—have now been confirmed as showing profits equalling the forecast £2.3m.

The chairman says that the group now consists of three divisions all managed individually and benefiting from each other's trade connections.

"The stated aim has been to acquire companies with specialist skills and the board sees no reason why this policy should not be continued," he says.

CU makes a strong start

LEADING UK composite insurance group, Commercial Union Assurance Company, has reported strong growth in its worldwide life and pensions business in the first half of this year. New annual premiums were up nearly 4 per cent from £29.3m to £30.4m and single premium business almost doubling from £45.9m to £85.5m.

New business in the UK during the period was influenced by pre-Budget fears of impending tax changes on pension schemes resulting in a boom in pension sales. New annual premiums on self-employed pensions rose two and a half times from £1.1m to £2.9m, while annual premiums on individual pension contracts rose nearly 60 per cent from £700,000 to £1.1m. New annual premiums on group pensions business improved slightly from £4m to £4.2m.

However, this growth in pension sales failed to offset the decline in individual life business over the period which was cut by a third from £9m to £6.4m. Last year's figure was boosted by the boom ahead of the ending of LAPR.

The net result was new annual premiums in the UK fell slightly from £14.8m to £14.6m.

The company reports that folowing the Budget statement by the Chancellor of the Exchequer on any changes in pension tax being preceeded by a Green Paper, sales of pension contracts have returned to their normal level.

Single premium sales in the UK were up three and a half times from £8.3m to £29.5m, thanks to the success of the company's revamped unit-linked operations. Unit linked bond sales soared from £4.7m to £23.7m. Single premium sales of self-employed pension contracts rose from £800,000 to £1.4m.

Significant increases in single premium sales were also recorded in Canada and France.

Havelock Europa confident as profits move ahead 33%

Havelock Europa, shopfitter and store designer which came to the USM in March 1984, has achieved a 33 per cent increase in pre-tax profits for the year to April 19 1985.

With turnover ahead by 28 per cent from £6.71m to £8.58m, the group's taxable profits amounted to £631,000 (£473,000). Dividends of 2.3p are being paid for the year, with a final of 1.6p. As indicated at the time of placing, dividends are covered about 2¼ times by stated earnings of 5.72p (4.49p) per 10p share.

Mr Tom Carrigan, the chairman, says that the group has started the current year with orders in hand at a substantially higher level than previously, and that new business obtained in the first quarter showed a considerable advance over the comparable period.

Although competitive conditions are likely to continue, he says that the market remains buoyant and he views the future with confidence. Many of the large stores groups and multiples have continued their refurbishment programmes, and the group has secured a significant share of this growing business.

It has maintained its strong liquidity and has financed the whole of its capital expenditure during the year from cash generated by the business.

The chairman anticipates that capital expenditure during the current year on additional and replacement machinery, equipment and motor vehicles will be of the order of £410,000, all of which will be met from the group's liquid resources.

The pre-tax figure was struck after depreciation charges of £137,000 (£95,000), and exceptional start-up costs of £25,000. Interest added £130,000 (£49,000).

Metal Sciences' loss up

INCREASED LOSSES of £535,198 have been incurred by Metal Sciences (Holdings) for the year ended February 28 1985, against £157,229 previously.

The auditors say that the group, which is mainly involved in the manufacture of metallic abrasive grit under the name of BritGrit, has completed its second year as a start-up business. The group came to the USM in July 1983 and was not expected to achieve profitability in its development stage.

Losses have continued in the current year, but the accounts have been drawn up on a going concern basis reflecting the directors' belief that the group will become profitable before its cash resources run out, although this remains uncertain.

Turnover for 1984-85 was £81,037, and operating charges amounted to £641,559 (£263,018). Interest payable took £2,882 (£786), and receivable £28,206 (£106,575).

The company's shares fell 4p to close at 5p yesterday.

COMPANY NEWS IN BRIEF

CARPETS INTERNATIONAL has called an EGM for August 19 to seek shareholders' approval for the sale of 100,000 ordinary in Carpet Corporation of Australia in consideration for 3,950,000 ordinary in Feltex New Zealand.

HILL & SMITH Holdings, engaged in steel stockholding, fabricated products and drop forgings, achieved taxable profits of £743,000 against £702,000, for six months to end-March, 1985. Turnover rose from £11.08m to £12.8m. The interim dividend, in effect, is being raised from 0.91p to 1.25p.

THE interim agreement between **Johnson Matthey** and its bankers runs until August 30, and not August 3, as mistakenly reported by the Stock Exchange's information service on Monday.

ANDRE DE BRETT, mail order concern, has turned in taxable profits of £38,000 for the year ended March 31 1985, against losses of £90,000 from a turnover lower at £5.41m (£5.82m). Earnings per share were 0.09p (0.21p) but there is no dividend (1p).

FORMINSTER, the clothing manufacturer, reported a rise in group attributable profit of £8,000 to £874,941 in the year to April 30, 1985. Earnings per 10p share rose from 18.75p to 19.57p after tax £706,490 (£766,856). An increased final payment of 4p (3.53p) is proposed making a total of 6.03p (5.56p) for the year.

EUROPEAN ASSETS TRUST, the Dutch investment company, saw net income rise slightly from Fl 1.95m to Fl 1.97m (£433,000) in the six months to June 30 1985. Earnings per Fl 1 share came ont st an unchanged Fl 0.08 and the interim payment wes maintained at Fl 0.04. Directors say that the revenue account should not be taken as an indication for the full year.

EWART NEW NORTHERN is lifting its final dividend from 3p to 4p to make e 6p (4p) total for the year ended April 30 1985. Pre-tax profits were doubled et £103,551 (£50,263). After tax, £19,859 (£9,645) earnings are given as 10.66p (5.17p) per share.

BALTIC has ecquired **Birmingham Car Facilities (BCE)**, an established national contract hire company with e wide range of substantial customers. BCE, which offers full maintenance contract hire as well as fleet management, adds a complementary service to Baltic's existing motor car financing activities. It is the company's intention to retain and develop the existing BCF management team and expand the customer base as and when suitable opportunities arise.

RICHARDSONS WESTGARTH has sold **Eric C. Flower** to **Ackroyd and Abbott** for £1m cash. Flower, which had net assets of £187,263 at end-1984, has repaid £39,999 as final settlement of its indebtedness to Richardsons of £148,000.

SUTER has increased its holding in **F. H. Lloyd** to 5,637,000 ordinary shares (23.42 per cent). This includes the holding of 100,000 shares of Mr S. L. Finch, an associate.

TR TRUSTEES Corporation's net asset valne st the end of the year to May 31 1985 stood at 185.7m cmpared with 144.7p e year previous. Net revenue rose from £3.07m to £3.85m and earnings per share were 4.29p (3.57p). The final dividend is 2.6p for a 3.8p (3.4p) total.

All round progress at Globe in 1st quarter

"How do I make the most money on my Debenham shares?"

"Do I try to sell them off on the market?"

Even at today's price they're still not as high as the Burtons cash bid.

On top of that, you'd lose your share in Debenhams, and your chance to reap the rewards that our offer and our new management team will provide.

And don't forget the commission and possible tax you will have to pay if you do manage to place your holding.

"Do I hold on and hope for the best?"

No matter what the papers say there is only one bidder for Debenhams.

And what will happen to the price of your shares should the Burton bid lapse?

Frankly it's anyone's guess.

But we can remind you of what happened when Debenhams was the subject of a takeover bid by UDS in 1972.

The bid lapsed. The shares slumped.

And it took a full 11 years for them to regain the level of the UDS offer.

"Do I accept the bid from Burtons?"

You should.

Our bid price is higher than the current market price.

Our share offer enables you to acquire an interest in the new Debenham/Burton Group, supported by Habitat/Mothercare.

This would be a major new retailing force led by Ralph Halpern and Sir Terence Conran.

You've seen what these two men have done for profits and growth of their own businesses.

Imagine what they could achieve together at Debenham/Burton.

But time is running out. Fill in our form today. There's only one way to ensure your investment in Debenhams is in safe hands, make sure your acceptance form is in our hands, by post or by handing it in at your local Burton Group store by Friday 12.00 noon.

With Halpern and Conran there will be life after Debenhams.

UK COMPANY NEWS

Britoil publishes share offer prospectus

INVESTORS have until next Thursday to decide whether to back the Government's sale of its remaining 49 per cent in Britoil, the world's largest independent oil exploration company.

Full details of the offer for sale are published today. The shares, at 185p, are being offered at a yield of 10 per cent, on forecast dividends for 1985 of 13p.

Based on a net profit forecast of £185m, giving earnings per share of 36.8p, the shares are valued at a multiple of five times 1985 earnings.

About one-fifth of the 242.6m shares on offer are being sold overseas. Another two-fifths have been placed with UK institutions, which have also underwritten the remaining shares on offer to Britoil employees, shareholders and the general public.

Investors need to pay 100p a share on application on August 8 and the remainder on November 1. The minimum application is for 200 shares.

● comment

There is little risk that this Britoil issue will meet the disastrous fate of the initial offering, most of which ended up with the underwriters. At 185p, the shares discount most bad news that is likely to hit the oil market, short of a complete collapse in prices. Indeed, at a discount of 11 per cent to the market price of 208p last night, there is a good chance of a reasonably quick turn for investors. But it would be rash to expect much immediate capital appreciation beyond that as the group's main assets are oil, and the world is awash with the stuff. However, the shares do have real attractions as an income stock, yielding considerably more than other exploration companies. While investors might rightly be reluctant to increase their weighting in oils, there would seem to be sound reasons for switching from Ultramar or LASMO, or some of their smaller brethren.

Yearling bonds

Yearling bonds totalling £10.5m at 10¼ per cent, redeemable on August 6 1986, have been issued by the following local authorities: Inverness District Council £0.5m; Kirklees £2m; Cumbernauld and Kilsyth DC £0.5m; Derwentside DC £0.5m; Durham (city of) £0.25m; Fenland DC £0.5m; Harborough DC £0.45m; Swansea (city of) £1m; Kircaldy DC £0.5m; Dudley Metropolitan BC £0.5m; New Forest DC £0.75m; Tameside Metropolitan BC £0.5m; Central Scotland Water Development Board £1m; Gordon DC £0.5m; Portsmouth (city of) £1m.

A. C. Cars

Turnover at A.C. Cars plunged from £868,591 to £136,068 in the six months to March 31 1985, but pre-tax losses were greatly reduced at £23,997 compared with £73,291. No dividend is again being paid.

Extraordinary debits accounted for £15,125 (credits £63,047) representing a guarantee provision relative to Pem Trailers, which has now gone into liquidation. The loss attributable to shareholders was up from £10,244 to £39,122.

Trent rises to £0.7m on strength of Leaderflush

PRE-TAX profits at Trent Holdings, maker of specialist doors, increased from £512,000 to £676,000 in the year to March 31, 1985, and Mr G. H. Simon, the chairman, says that the result demonstrates the steady growth achieved since the move of Leaderflush Doors to new premises at Langley Mill in 1980.

The chairman also points out that this is the first full year incorporating the results of Parker Winder and Achurch, which was acquired in October 1983. It is trading profitably, but the directors believe that there is scope for further improvements in volume and margins, and that this may require moving to new premises in Birmingham.

During the year the company undertook several orders which involved both supplying and fitting its products. These projects were successful and the company now plans further expansion into this area. A team of project managers, surveyors and foremen is being recruited to run a new subsidiary, Leaderflush Projects, to instal the products. Mr Simon is confident that this new policy will contribute to further growth.

Total group turnover rose from £4.25m to £6.24m. Mr Simon says that despite the weakness of sterling during the year, Leaderflush maintained its profit margins by concentrating on projects where its specialised skills are most in demand, particularly in security, fire refurbishment projects and commercial developments.

He adds that after unforeseen delays the industrial development at Newbury, Berkshire, is approaching completion and letting negotiations are under way. The company is also involved in an adjacent development of approximately 15,000 sq ft. The property at Trowell, Nottinghamshire, has been sold and the net proceeds are shown in the results as an extraordinary item, amounting to £80,000 (nil).

Satisfactory growth can be maintained in the current year, says the chairman. Some production was lost while the manufacture of door-sets was transferred to a new factory at the Langley Mill site but the company is optimistic that the improved facilities will compensate for this shortfall during the full year.

The final dividend is lifted from 0.525p to 0.63p for a total of 1.05p against 0.875p. Earnings per share are stated at 8.34p (7.62p) after actual, current and deferred tax, and at 9.34p (7.62p) on a current tax basis.

Profits were struck after interest payable and similar charges of £35,000 (£31,000) and subject to tax comprising £34,000 (£5,000) corporation tax and £69,000 deferred tax (nil).

Consolidated Tern lower

Net profits at Consolidated Tern Investments were down from £181,650 to £152,448 in the six months to March 31 1985. No tax was again payable. The interim dividend is 1.68p—the company's shares are traded on the Unlisted Securities Market.

Turnover of this plant hire, construction and property group improved from £6.67m to £8.13m. The cost of sales was up from £5.36m to £6.42m, leaving gross profits of £1.71m against £1.32m. Net operating expenses totalled £1.42m (£1.04m) and net interest payable was considerably higher at £142,176 (£92,326).

Other operating income was little changed at £5,970 (£5,550). Attributable profit for the six months was £152,448 (£185,221, after minorities of £6,429).

Yarn and weaving boost for Armitage & Rhodes

BOTH THE yarn and weaving divisions of Armitage & Rhodes, the Dewsbury-based manufacturer of textile and furnishing fabrics, had a successful 1984-85 year, and helped the company to a 26 per cent improvement in taxable profits.

Mr Michael Burrows, the chairman, anticipates further progress in all divisions and says that prospects appear to be very bright, provided the present demand for its products continues.

Turnover was slightly lower at £9.38m (£9.6m), a result of the reduced dependence on the high volume, low-margin furniture market, especially in the UK. The value of export sales increased in proportion to over 23 per cent of turnover. The chairman says that they benefited from the weakness of sterling, but, on the other hand, purchases in the U.S. were more costly.

The paper roll manufacturing business generated a satisfactory profit over the first 11 months. Its aim now is to pursue an aggressive sales policy and expand production facilities.

New plant to the value of £124,000 has been installed to increase yarn prodution, and £136,000 has been spent on extra equipment for the pile fabric division.

The final dividend is unchanged at 2p, for a total of 3p. The company's shares are traded in the market made by Granvile

Martin Ford trims losses but omits interim

ALTHOUGH reducing its losses by £82,200 to £117,373 in the 26 weeks to June 1, 1985, the directors of Martin Ford regard the results as "disappointing." Bad weather in the period had an adverse effect on trading, and they hope that a return to normal seasonal conditions will bring an improvement

In view of the results, they feel unable to declare an interim dividend. Last year a single payment of a nominal 0.05p was made. The possibility of paying a final will be reviewed when the full year's figures are available.

After its first-half losses last year, this manufacturer of ladies' wear swung back with pre-tax profits of £151,000 in the second half, but ended the year with overall losses of £49,090.

First-half turnover rose from £3.46m to £3.64m. There was an operating loss of £124,889 (£214,240). Investment income was lower at £7,516, against £14,667, and there was a tax credit of £34,209 compared with £88,316. The loss transferred to reserves was £83,164 (£90,531, which included an extraordinary credit of £30,726).

Caledonian Cinemas

Higher pre-tax profits of £1.23m against £1.13m previously have been announced by Caledonian Associated Cinemas for the year to March 30 1985.

Turnover for the group, which operates cinemas and bingo halls, and is involved in financing and investment dealing, fell to £7.25m (£8.35m).

Stated earnings rose by 2.7p to 159.7p, and a final dividend of 60p (8p) is being paid, which includes a special golden jubilee payment of 50p, for a 62p (10p) total.

Its ultimate holding company is the Equity Trust.

BUSINESS LAW

Belgium's radical move on arbitration

BY CELIA HAMPTON

THE INVIOLABILITY of arbitration awards in international commercial disputes has engendered much lively controversy for some years now. Its intensity has increased with the growing popularity of international arbitration, which has of course matched the growing internationalisation of business.

From a practical point of view, most businessmen seek some finality in arbitration. The cumbersome pre-1979 English system for setting aside awards satisfied no-one, save perhaps a small class of lawyers. It is now universally agreed that full-dress litigation of a matter already arbitrated is to be avoided at all costs.

Yet a businessman would feel aggrieved if the arbitrator acted in a biased or unfair way in his opponent's favour. His opportunity to contest the award would eventually come when the winner sought enforcement in the courts of a country where he had assets. It could come at an earlier stage by challenging the award in the courts of the country where it was made.

Differentiation between procedural defects or legal misreasoning in the conduct of an arbitration and the extreme of bias or favouritism can only be one of degree on a sliding scale. In the extreme case the loser would undoubtedly, and justifiably, seek annulment of the arbitrator's award. He would certainly wish to resist enforcement of it against his assets.

For lesser wrongs a line of policy has to be drawn by each national law of arbitration—to protect the innocent party from arbitrator's mistake, incompetence or worse, and to guard against the barrack-room lawyer who seeks to draw out the dispute and involve the courts on technicalities.

Countries vary in their attitudes to court intervention. The UK favours a greater degree of court control than, say, France or Sweden. This is evident from the general terms of the review power in the Arbitration Act 1979, albeit narrowed by the House of Lords in *The Nema*.* It has been confirmed in the recent negotiations over Uncitral's model law on international commercial arbitration, though it was stressed that this is to meet the commercial need for a means of recourse and is not a doctrinaire preference for judicial control.

Judicial intervention is at its most questionable when neither party has any real connection with the place where the arbitration occurs. A charter-party between a Greek shipowner and an Italian charterer would raise no eyebrows by providing for arbitration in London.

Certain cities attract arbitration regardless of the subject matter of the contract or dispute—Paris, Stockholm, Vienna and London are all popular for one reason or another. The governments of those places have no wish to deter the practice; quite the opposite. However much an excessive opportunity for court interference is to be eschewed, it is doubtful whether outright refusal to intervene judicially is a real attraction. This, however, is now being put to the test and the results will be watched attentively by lawyers throughout the commercial world in coming years.

Belgium has gone in with both feet. An amendment to article 1717 of the *Code judiciaire* has been enacted† which provides: "Belgian courts may only take cognisance of a claim for annulment if at least one party to the dispute decided by the arbitral award is either a physical person of Belgian nationality or having a residence in Belgium or a legal person established in Belgium or having a branch or working office there."

At first reading, this appears merely a rather nationalistic protective measure, perhaps to prevent people shopping around for a favourable place to litigate their arbitral disputes. On closer examination, it is a very radical measure indeed.

The Belgian courts will deny review to an arbitration taking place in Belgium where neither party is significantly connected with the country. Belgium could have been selected in ignorance of this new development for all sorts of reasons—the availability only locally of a particular arbitrator, business or geographical convenience, proximity of witnesses, etc. Will the lack of judicial review become a major reason?

The answer to this lies mainly with businessmen themselves and whether they prefer an arbitration operating, at any rate locally, in a juridical vacuum. The practical advantage of such finality is great but the potential drawback of having to abide by an unchallengeable decision may also deter. Either way, it is vital that parties are aware of this apparently unique situation.

From the point of view of enforcing such an award outside Belgium, problems are likely to arise; substantial assets in the country will normally, though by no means invariably, coincide with residence or a commercial operation. But when enforcement is sought elsewhere, interesting questions of recognition will arise, and these bring in arguments about the nature of arbitration of a more theoretical bent.

In recent years, much has been said about awards which have no connection with the country of delivery. Their foundation is the contractual commitment of the parties, not affiliation to any national system of law. Why should such an award not "float" between jurisdictions, detached from any country's legal rules, and be enforced in whatever country the victor seeks to seize the vanquished party's assets?

Internationally, there are at least two examples of arbitrations which cannot be regulated or assailed by national courts, but must be enforced willy-nilly. One is the Iran-U.S. Claims Tribunal and the other is under the Icsid (International Centre for the Settlement of Investment Disputes) Convention. In both cases there are clear political reasons for not allowing court examination of the arbitral body's award. But in both cases the systems are autonomous, applying specifically under the law of the countries which are signatories of the relavant international instruments.

The argument in favour of "floating" goes in a circle. It can be substantiated only by reference to national systems which accord international arbitral awards the status of detached enforceability. There are some precedents for this from France and Sweden. But an international award cannot be imposed on a national system without that system's consent, so its international character is determined by national decisions.

There is probably no more to this than the developing complex of mutual recognition between different countries. This makes them refrain from reviewing or impeaching an arbitrator's award provided it is not challengeable under the terms of the internationally agreed norms. This obligation is observed in practice under the national law of each country.

Most countries of importance from an arbitration point of view, including Belgium, are parties to the New York Convention 1958. This restricts a court's power to refuse recognition of an award from another Convention country to specific cases (incapacity of one of the parties, inability of one party to present his case, award outside the arbitrator's remit, etc). It respects any choice of the parties of which law to apply to the arbitration agreement and which legal system to apply to the arbitral procedure.

It also provides that enforcement may be refused if it would be contrary to public policy to enforce it. These provisions are closely mirrored by the draft Uncitral model law both in relation to judicial intervention and to recognition of foreign awards.

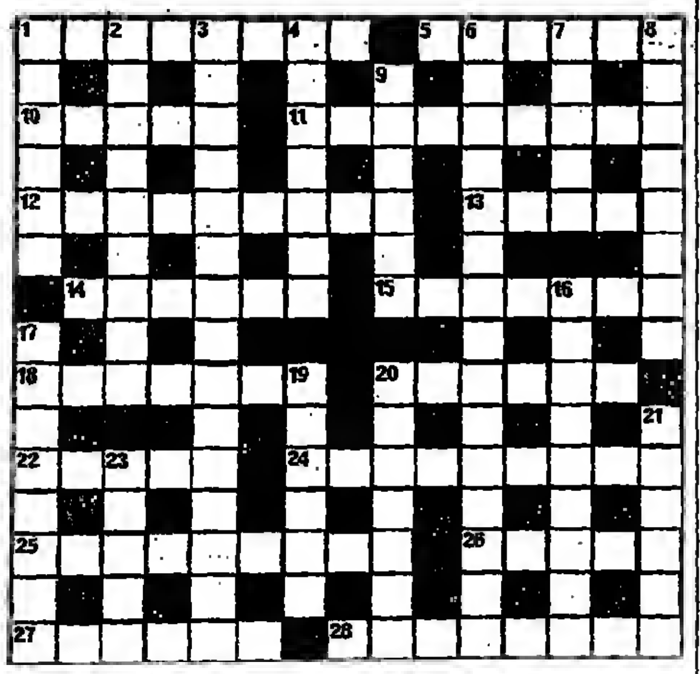
The public policy exclusion clearly covers things which are universally condemned. No country could be called upon to enforce an award sorting out a dispute between drug traffickers about their illicit profits. Would the Belgian courts now enforce it without question provided the disputants were, say, Colombian, Haitian and U.S.? What would be the attitude of an English court asked to enforce a Belgian award "blind"? English public policy would clearly preclude enforcement of the drug traffickers' award.

But would not English public policy go further than this? It seems very likely that the court would refuse recognition of *any* award upon which there has been no opportunity to challenge its validity. Even if the parties selected a law which allowed whatever they agreed on, and none of the procedural defects was present to enable the court to refuse recognition and enforcement of the award, would the court not refuse to do so on public policy grounds in any event? In that case the Belgian arbitrator's award might not have quite the finality sought by the parties.

*[1982] A.C. 724.

† Act of March 27, 1985, Moniteur Belge, April 13, 1985, p. 5106.

F.T. CROSSWORD PUZZLE No. 5,784



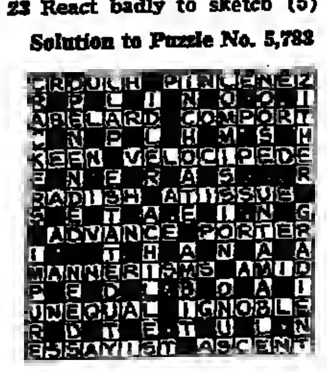
ACROSS

1 Burn the food taken in for a traveller (8)
5 Book the girl and boy (6)
10 Appear without a new set of examination questions (5)
11 Retiring friends tolerate one sort of comedy (9)
12 Detailed to rebuild real boat by the end of June (9)
13 Unworthy of dropping the key in, go away suddenly (5)
14 Come back mentally dull when led astray by medium (6)
15 Critical of port in Sue's cooking (7)
18 Apparatus used by Holyhead man is put in order (7)
20 Craving for a new T-shirt (6)
22 Saying nothing after a test on Beethoven's fourth (5)
24 Left dear mama wandering around the preserve (9)
25 Burn four air letters about a cat's concert! (9)
26 When drunk, go in the first bar (5)
27 Endless dexterity is needed to make a sliding carriage (6)
28 Dark brown animal swallows another ten (8)

DOWN

1 Drink for each occasion on which food is served (6)
2 A very quiet borough of London is attractive (9)
3 Requirement in publicising something which improves the atmosphere? (3-12)
4 Subjugate Pola and East European in Central Greece (7)
6 "In public transport, reversing on to ring road," I state, "shows disobedience" (15)
7 Nevertheless, on the street it's bad (5)
8 Too similar to fashion (8)
9 Skinhead likes first gentle embrace (6)
16 Not disturbed, laughs stupidly during the attack (9)
17 Pulls a wry face as I'm going into prayers (8)
19 Fellow in college admits "yours truly" is humble (6)
20 Row about stray dog (7)
21 Decide to meet the island race left inside (6)
23 React badly to sketch (5)

Solution to Puzzle No. 5,783



CONTRACTS

£16m Alwyn Field development plan

FORAMAC DRILLING has been awarded a £16m three-year contract by Total Oil Marine for development drilling in the North Alwyn Field. The field is located some 100 miles east of the Shetlands in the UK sector of the North Sea. Operations will use the most sophisticated equipment available and the latest labour-saving developments in drill floor technology; the drilling of the wells will be performed with an hydraulic power swivel allowing quicker performance and safer operations. It is anticipated that the contract will create approximately 140 jobs.

★

Printing press manufacturer Timsons of Kettering is to install a computerised manufacturing system from HONEYWELL at a cost of £126,000. The system is known as HDMS (Honeywell distributed manufacturing system), and it will be used to control all aspects of production including scheduling, stock control and costing.

Enterprise Air-Time Systems has ordered an additional mainframe computer from HONEYWELL as part of an expansion programme, making its on-line television advertising booking system a quad processor configuration. The order is for a PDS 8/49 large scale mainframe, and it brings the total investment in Honeywell computers at Enterprise Air Time Systems to £1.3m.

★

J. JARVIS & SONS has won six contracts totalling over £5m. Largest is a £1.4m extension to the Arndale Centre in Dartford. A Tesco meat factory at Ashton-under-Lyne is receiving £1m alterations and extensions; and at Ripley £1.3m extensions and upgrading are under way for Norcros Investments at Butterley Engineering Works. The Post Office has awarded a £450,000 contract for alterations and refurbishment at Surbiton, and Wellington Private Hospital, St John's Wood, is having new operating theatres costing £427,000. A £330,000 library and community centre is for Oldham MB.

★

TAYLOR WOODROW MANAGEMENT AND ENGINEERING, Hayes, has been awarded a contract by the National Coal Board to provide project management services on a £15m coal liquefaction pilot plant. This will be built adjacent to the Point of Ayr Colliery, North Wales, to test and develop a process for the production of liquid hydrocarbons from coal. Site work is due to start this year with completion scheduled for late 1987.

★

Contracts for the civil and mechanical works required for the Garstang flood storage area in Lancashire have been let to B B KIRK (CONSTRUCTION), Skipton, and H VISICK AND SONS, Truro. The works have been designed by Rofe, Kennard and Lapsworth, consulting engineers, with North West Water Authority, rivers division. Work includes 1,800 metres of low embankment around and across the flood plain, with a flood control structure on the River Wyre. The structure incorporates twin overshoot gates, each eight metres long and 4.5 metres high, automatically operated by reference to a central computer linked to the Authority's flood warning system. The complete scheme includes channel improvement works and a second flood storage area at Catterall, and is designed to control discharges of up to one in 50 years average return period. Overall cost of the work is about £1.2m, and completion is scheduled for spring 1986.

★

MYTON has been awarded a £3m contract by Legal & General Assurance Society to refurbish the Ceylon Tea Centre premises in Regent Street, W1, and construct new offices. Work involves demolition of buildings on the site while retaining the facades to Regent Street and part of Jermyn Street. The building will be constructed on basement, ground, mezzanine and four upper floors, retaining two floors and listed facades. It will provide 3,360 sq metres of accommodation comprising a shell shop unit and tea restaurant, air conditioned offices, and roof level plant rooms. The building will be reinforced concrete framed with troughed and solid suspended floors, on reinforced concrete piled foundations, retaining walls and basement slabs. Completion is scheduled for August 1986.

★

JEAVONS ENGINEERING, Tipton, a member of the Newman-Tonks Group, has secured contracts in the Middle and Far East valued at over £4m for gas regulators. Delivery is scheduled for completion in 12 months.

★

Wilkes Cerdac of Dublin, part of the Clondalkin Group has ordered a £125,000 Digiform D3400 laser forms composing and scanning system and a new CS50 business forms press from HARRIS GRAPHICS in Slough, Berks, under a combined contract valued at well over £300,000. The Digiform system will be supplied with the new D3400 14 in x 18 in cylinder size laser output scanner. Harris is also supplying a GT350 16-colour interactive display with joystick controller—for logo manipulation, editing and error location—and two VT220 on-line composing terminals.

Wilkes Cerdac has also ordered a Harris CS50 web offset business forms press. As Harris Graphics' first changeable size press, the CS50 has interchangeable cylinders—ranging from 9 in to 21 in circumference, able to print the widest variety of form sizes at 800 ft per min.

FT UNIT TRUST INFORMATION SERVICE

AUTHORISED UNIT TRUSTS

[illegible]

CONTINUED OVERLEAF

AUTHORISED UNIT TRUSTS & INSURANCES

Pearl Trust Managers Ltd. (a)(g)
252, High Holborn, WC1V 7EB — 01-405 8441

Pearl Growth Fd	99.6	101.4		3.57
Accum Units	88.1	93.7	-0.1	3.57
Pearl Inc	84.4	89.8	-0.4	5.28
Pearl Unit Fd	07.7	41.1	-0.4	4.47
(Accum Units)	148.4	157.9	-0.K	4.47

Perpetual Unit Trust Mngmt. (a)
48 Hart Street, Henley on Thames — 0491 576868

Growth	172.2	184.9	-0.6	1.55
Income	131.0	142.4	+0.3	5.50
Worldwide Recovery	98.2	105.4	-0.7	2.16
American Growth	55.7	59.1	-0.1	0.69
Intl. Emerging Cos.	55.6	59.2	-0.1	0.00
Far East Growth Fd	45.0	48.3	-0.5	1.00

Prolific Unit Trusts
222, Bishopsgate, EC2 — 01-247 7544.7

Prolific Far East	94.4	101.1	-1.5	0.37
Prolific Extra Inc	59.0	63.3	-0.1	6.49
Prolific Gilt Cap	81.7	85.0	-0.3	3.26
Prolific High Inc	122.0	132.0	+0.1	5.74
Prolific Intl.	79.9	85.0	-0.3	1.40
Prolific N. Amer.	111.6	121.7	-1.1	2.51
Prolific Spec. Sits	130.2	139.7	-0.1	1.00
Prolific Technology	98.4	105.4	-0.6	1.00

Providence Capitol Fd. Mgrs. Ltd.
30 Uxbridge Road, London, W12 8PG. — 01-749 9111

Japan Trust	45.6	48.3		—
Worldwide	46.3	49.0		1.60
European Trust	48.4	51.3		1.60
North American	47.3	50.1		2.23
UK Equity	48.1	50.9		4.01

Prudential Unit Trust Mngrs Ltd. (a) (b) (c)
51-69 Ilford Hill, Ilford, Essex, IG1 2DL — 01-478 3377

Holborn Equity Tst	306.6	326.1	-0.7	3.83
Holborn Gilt Tst	153.5	160.5	-0.8	8.59
Holborn High Inc.	53.7	57.1		7.43
Holborn Intl.	56.1	59.8	-0.3	0.56
Holborn UK Growth	60.8	64.6	-0.2	3.50

Quilter Management Co. Ltd.

TSB Unit Trusts (b) (c) (y)
PO Box 3, Keens Hse, Andover, Hants, SP10 1PG
0264 62188 Dealings to 0264 63432-3

TSB American	89.0	94.7	-0.2	1.54
Do Accum	92.7	98.7	-0.2	1.54
TSB Extra Income	81.0	87.1		6.57
Do Accum	91.0	96.9	-0.1	6.57
TSB General	113.0	120.2	-0.5	3.61
Do Accum	183.0	194.6	-0.9	7.01
TSB Gilt & Fxd Int	47.0	49.0	-0.2	9.44
Do Accum	57.8	60.3	-0.3	9.44
TSB Income	154.7	165.7	-0.3	5.32
Do Accum	234.9	249.9	-0.5	5.32
TSB Pacific	95.6	101.8	-1.0	0.65
Do Accum	98.0	104.3	-1.9	0.65
TSB International	216.6	230.5	-1.4	1.95
Do Accum	263.6	280.5	-1.7	1.95
Natural Resources	44.7	47.6		2.84
Do Accum	45.2	48.1		2.84
TSB Scot. Opps.	44.3	47.2		2.65
Do Accum	47.6	50.7		2.65

3i & Target Fund Mgrs Ltd
Target House, Gatehouse Road, Aylesbury, Bucks
Aylesbury (0296) 5941

Small Co's Fund	63.6	66.0	-0.4	0.10

Target Trust Mngrs. Ltd. (a)(g)
Target Hse, Gatehse. Rd, Aylesbury Bks. — (0296) 5941

American Eagle	64.4	68.9	-0.4	0.27
Australia	27.4	30.3	+0.2	0.10
Commodity	86.0	93.2	+0.3	1.85
Energy	39.6	42.4	+0.2	0.82
Equity	93.8	100.1	-0.6	1.96
European Spec. Sits.	49.8	53.3		0.94
Extra Income	87.5	93.4	+0.1	7.73
Financial	194.1	207.0	+1.0	2.98
Gilt Capital	219.8	230.2	-0.6	3.25
Gilt Income	104.2	109.1	-0.5	8.78
Gold Income	60.9	65.1	+2.0	2.35
Gold Acc.	109.0	177.4	+3.5	2.30
Income	55.8	60.0	+0.1	6.24
Japan	41.3	44.1		0.10
Malaysia & Singapore	22.4	23.8	-0.3	7.24
Pacific Income	59.0	63.1		0.99
Pacific Gr. Inv.	71.5	76.5		0.99
Preference Share	15.8	17.1	-0.1	10.13
Professional	449.5	479.5	+7.6	1.81

Allied Dunbar Assurance PLC

Ambassador Life Ass. Co. Ltd.

Barclays Life Assur. Co. Ltd.

Black Horse Life Ass. Co. Ltd.

British National Life Assurance Co. Ltd.

Canada Life Group

Cannon Assurance Ltd.

Chieftain Assurance Funds

City of Edinburgh Life Assurance

City of Westminster Assurance

Clerical Medical/Fidelity International

Clerical Medical Managed Funds Ltd.

Colonial Mutual Group

Commercial Union Group

Confederation Life Insurance Co.

Continental Life Insurance PLC

Cornhill Insurance PLC

Credit & Commerce Life Ass. Ltd.

Criterion Assurance Group

Crown Financial Management Ltd.

Crusader Insurance PLC

Dominion Financial Management

Eagle Star Insur/Midland Assur.

Equitable Life Assurance Society

Equity & Law

Family Assurance Society

Federation Mutual Insurance Ltd.

Framlington Life Assurance Ltd.

Friends' Provident Life Office

G.T. Management Ltd.

General Accident Linked Life Assurance Ltd.

Assicurazioni GENERALI S.p.A.

General Portfolio Life Ins. PLC

Gresham Unit Assurance Ltd.

Growth & Sec. Life Ass. Soc. Ltd.

Guardian Royal Exchange

Hearts of Oak Benefit Society

Henderson Administration

Hill Samuel Life Assur. Ltd.

Imperial Life Ass. Co. of Canada

Imperial Life (UK) Ltd.

Irish Life Assurance Co. PLC

The LAS Group

Langham Life Assur. Co. Ltd.

Legal & General (Unit Assur.) Ltd.

Legal & General (U.A.)—Contd.

Legal & General Prop. Fd. Mgrs. Ltd.

Liberty Life Assurance Co. Ltd.

Life Assur. Co. of Pennsylvania

Lloyds Life Assurance

London Life

London & Manchester Group

London Indemnity & Gnl. Ins. Co. Ltd.

M & G Group

MGM Assurance

Manufacturers Life Insurance Co (UK)

Merchant Investors Assurance

Municipal Life Assurance Ltd.

NEL Pensions Ltd.

National Mutual Life

National Mutual of Australasia

National Provident Institution

New Zealand Insurance PLC

Norwich Union Insurance Group

PBR Fund Management Ltd.

Pearl Assurance (Unit Funds) Ltd.

Phoenix Assurance Co. Ltd.

Pioneer Mutual Insurance Co. Ltd.

Property Equity & Life Ass. Co.

Property Growth Assur. Co. Ltd.

Providence Capitol Life Assc. Co. Ltd.

Provident Life Assoc. of London Ltd.

Provident Mutual Life Assc. Assn.

Provincial Life Assurance Co. Ltd.

Prudential Assurance Co.

Prudential Pensions Limited

Reliance Mutual

Royal Life Insurance Ltd.

Save & Prosper Group

Schroder Life Group

Scottish Amicable Investments

Scottish Equitable Life Assce. Soc.

INSURANCES

AA Friendly Society

Abbey Life Assurance Co. Ltd.

Albany Life Assurance Co. Ltd.

Aetna Life Insurance Co. Ltd.

INSURANCE, OVERSEAS & MONEY FUNDS

World Fund S.A.
2 Boulevard Royal, Luxembourg
World Fund NAV ... $11.50 — -0.09 —

World Wide Growth Management
10a, Boulevard Royal, Luxembourg
Worldwide Gth Fd ... $13.55 — +0.09 —
Inv. Adv.: M. & G. Inv. Mngt., Ltd., London.

Yamaichi Dynamic Mngt Co SA
10A Boulevard Royal, Luxembourg
Advanced Tech ... $8.87 — -0.07 —
Dynamic Gwth Fd ... $8.01 — -0.08 —

Money Market Trust Funds

	Gross	Net	Gr Equiv CAR	Int Cr
The Charities Deposit Fund 77 London Wall, London EC2N 1DB 01-588 1815				
Deposit	11.9	—	—	3-Mth
The Money Market Trust 63 Qn Victoria St, EC4N 4ST. 01-236 0952				
Call Fnd	11.71	8.75	12.95	Mth
7-day Fnd	12.16	9.09	13.47	Mth
Oppenheimer Money Management Ltd 66 Cannon St, EC4N 6AE 01-236 1425				
Call Fnd	11.75	8.78	12.93	6-Mth
7-day Fund	12.12	9.06	13.34	6-Mth
Dollar	6.69		—	6-Mth
Money Mngt. Acc	11.375	8.50	12.71	3-Mth

Money Market Bank Accounts

	Gross	Net	Gr Equiv CAR	Int Cr
Adam & Co. plc 22 Charlotte Sq, Edinburgh, EH2 4DF 031-225 8484				
Full Service Chq Acc	11.25	8.00	11.95	Qtr
Aitken Hume 30 City Road, EC1Y 2AY. 01-638 6070				
Treasury Acc	11.875	8.875	13.30	Qtr
Mth. Int. Chq.	11.75	8.78	13.30	Mth
Bank of Scotland 38 Threadneedle St, EC2P 2EH. 01-628 8060				
Money Mkt Cheque Acc	11.00	8.23	12.18	Mth
Barclays Prime Account PO Box 125, Northampton 0604 252891				
High Int. Cheque	11.50	8.625	12.90	Qtr
Britannia Investment Services Ltd. 29 Finsbury Circus, EC2M 5QL. 01-588 2777				
Cater Allen	11.38	8.50	11.9871	Mth
Charterhouse Japhet plc				

NOTES

Prices are in pence unless otherwise indicated and those designated $ with no prefix refer to U.S. dollars. Yields % (shown in last column) allow for all buying expenses. a Offered prices include all expenses. b Today's prices. c Yield based on offer price. d Estimated. g Today's opening price. h Distribution free of UK taxes. p Periodic premium insurance plans. s Single premium insurance. x Offered price includes all expenses except agent's commission. y Offered price includes all expenses if bought through managers. z Previous day's price. ¶ Guernsey gross. # Suspended. ♦ Yield before Jersey tax. † Ex-subdivision. ‡‡ Only available to charitable bodies. ◊ Yield column shows annualised rates of NAV increase. xd ex dividend.

OFFSHORE AND OVERSEAS

OPTIONS

3-month call rates

Industrials	p		p
Allied-Lyons	16	Midland Bk	30
BAT	32	NEI	8
BOC Grp	25	Nat West Bk	60
BSR	16	P & O Dfd	36
BTR	52	Plessey	17
Babcock	14	Polly Peck	26
Barclays	48	Racal Elect	18
Beecham	32	RHM	11
Blue Circle	48	Rank Org Ord	52
Boots	15	Reed Intnl	50
Bowaters	20	Sears	8
Brit Aerospace	33	TI	20
Brit. Telecom	11	Tesco	20
Brown (J.)	3	Thorn EMI	35
Burton Ord	39	Trust Houses	13
Cadburys	14	Turner Newall	10
Comm Union	19	Unilever	85
Courtaulds	12½	Vickers	19
Debenhams	17½	**Property**	
Distillers	28	Brit Land	12
Dunlop	6	Cap Counties	18
FNFC	8½	Land Secs	25
Gen Accident	45	MEPC	28
Gen Electric	17	Peachey	22
Glaxo	85	Samuel Props	14
Grand Met	25	**Oils**	
GUS 'A'	60	Brist. Oil & Min	4
Guardian	68	Brit Petroleum	42
GKN	17	Burmah Oil	18
Hanson Tst	17½	Charterhall	6
Hawker Sidd	38	Premier	5
Hse of Fraser	30	Shell	60
ICI	60	Tricentrol	18
'Imps'	18	Ultramar	19
Jaguar	28	**Mines**	
Ladbroke	24		
Legal & Gen	50	Charter Cons	18
Lex Service	28	Cons Gold	44
Lloyds Bank	45	Lonrho	14
Lucas Inds	25		
Marks & Spencer	11	Rio T Zinc	56

A selection of Options traded is given on the London Stock Exchange Report Page.

COMMODITIES AND AGRICULTURE

EEC agrees higher prices for imported raw sugar

BY IVO DAWNAY IN BRUSSELS

THE EUROPEAN Commission yesterday bowed to pressure from the sugar-producing members of the African, Caribbean Pacific Group (ACP) to increase the proposed guaranteed price for their 1.3m tonne annual quota sold to the EEC.

Under the price proposals originally tabled by the Commission, the 13 ACP countries eligible for the rise faced increases of 1.15 per cent for their raw produce, while the Community's white sugar was to enjoy a 1.3 per cent rise.

The ACP group argued vigorously that this was discriminatory against cane growers and refused to endorse the annual sugar accord which should have been in force by May 1.

Yesterday's decision means that the higher price will now be paid for raw sugar from the ACP, though it is understood that producers within the Community will still suffer the differential.

The ACP group had already sought a substantial rise for its guaranteed prices, taking into account a 12 per cent rise in transport and production costs and the economic austerity now affecting their member countries. They also objected as they have in previous years to the lack of consultation with the EEC over the sugar price question.

But ACP officials last night seemed ready to accept reluctantly the marginally increased price as the best available under the circumstances. A final accord is expected to be signed shortly with the new price backdated for shipments sent since May.

At yesterday's weekly export tender in Brussels the European Commission granted export licences on 26,000 tonnes of white sugar and 48,000 tonnes of raws, writes our Commodities staff. As expected the white sugar authorisation was well down from last week's 94,000 tonnes. That figure was regarded as exceptional as it included pent up demand from previous weeks when authorisations had been held down by the imposition of a ceiling on the level of export subsidy available to bridge the gap between the EEC price and lower world market levels. The ceiling remains in force but over the last two weeks world prices have risen strongly so that the required subsidy is now below the ceiling level. Dealers said the tender result had minimal impact on prices in the London futures market.

● The London Futures market begins trading its fob delivery contract today although the first contract to which the new terms apply is May 1986. The change is intended to bring the contract closer into line with trading practices on the physical market and also with the futures market's whites contract. Mr Derek Whiting, the market chairman, said yesterday he expected the change to make the market more attractive for hedging physical deals.

Weaker sterling lifts zinc market

By Our Commodities Editor

THE LONDON zinc market yesterday brushed aside news of a production stoppage caused by a fire at the Budelco zinc plant in the Netherlands and of a strike at four U.S. zinc mines owned by Fluor Corp's St Joe Resources subsidiary.

The two disclosures, which could imply the loss of significant quantities of zinc output, caused a late flurry in trading on the London Metal Exchange on Tuesday. Yesterday, however, prices eased amid profit-taking before being buoyed up by weaker sterling.

Three-months zinc was £10 up on the day at £519.50 per tonne at the unofficial close.

Billiton, a subsidiary of Royal Dutch Shell, said the fire had deprived Budelco — jointly owned by Billiton and the Australian Mining and Smelting Group—of all its smelting capacity.

It has a design capacity of 180,000 tonnes of zinc metal per year. Australian Mining and Smelting Europe said its 50 per cent share in Budelco's output would be seriously affected.

The four U.S. zinc mines, where strikes are reported to have stoped production on July 20, have total capacity of 4,000 short tons.

Labour unions there appeared yesterday to be digging in for a long stoppage.

However, London metal dealers and analysts said yesterday that the absence of metal from both sources was unlikely to have any lasting impact on the market, which has seen sharp price declines this year.

"There's so much zinc around that nobody's worrying very much," said one dealer. An analyst with another metal broker said the market was looking for more production cut following those announced a few weeks ago.

● Johnson Matthey, the precious metals company, yesterday reversed the $50-per-ounce hike in the price of rhodium it had made on Monday. That left its base price for unfabricated rhodium at $750 per troy ounce.

Cutting the Caribbean food bill

BY CANUTE JAMES, RECENTLY IN BARBADOS

THE 13-NATION Caribbean Economic Community (Caricom) is attempting to put right an economic embarrassment.

Agriculture has traditionally been the basis of the economies of the Community's members. Despite the increasing importance of tourism, oil and bauxite, farming contributes substantially to national outputs—8.8 per cent of GDP (gross domestic product) in Jamaica and 8 per cent in Barbados.

Despite this, the members of the Community, with a total population of 4.m, spent $925m last year on food imports.

With most of them short of hard currency, and with decreased earnings from the newer pillars of their economies, the Caricom states have started a wide ranging agricultural programme to increase production.

The heads of government of the Community, at their annual meeting in Barbados, adopted a new protocol for agriculture. The measures have been described by an official of the Community's secretariat as being a model which other parts of the food importing developing world would do well to emulate.

The Community has implemented a common tariff on food imports from outside the organisation which it believes can be produced efficiently and in adequate quantities by its members.

This has been accompanied by the removal of barriers to trade in farm products between Community members.

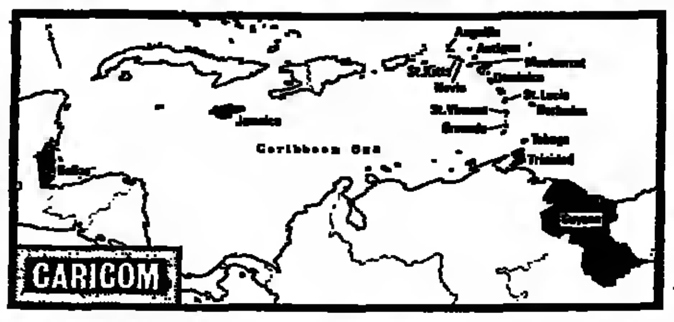
The third arm of the plan is the establishment of large farms in countries which have the land space to produce commodities which need large acreages.

"There is a need to increase the value and volume of exports from the Community to help pay for imports," says Mr Hayden Blades, Caricom's director of trade.

"The Community's agricultural exports last year were valued at $444m. The region spent $925m on imports."

The external tariff will result in duties of between 30 per cent for seafood and vegetable imports from outside the community, to 40 per cent for fruit and spices.

By creating this barrier, and offering preferential access to each others markets, the Community members are hoping to provide an incentive for domestic producers.



The region's farm ministers believe Caribbean farmers are ready for a significant increase in their output of livestock products, potatoes, peas and beans, rice, sorghum, maize and groundnuts.

There is little doubt that much more can be done by the Community's farmers. Intra-regional commerce in farm products last year amounted to less than a half of 1 per cent of the value of the Community's total agricultural imports.

There is, however, an exception to the new arrangements. Trinidad and Tobago, the Community's richest market, sought and obtained a two-year derogation from free trade in fish, shrimp, tomatoes, cabbages, sweet peppers, lettuce, cucumbers and pumpkins.

The country's fishermen and farmers have been producing more of these than the local market can absorb.

"The new protocol will provide greater protection from third country imports and lead to increased production," Mr Blades explained.

"Caribbean farmers can now produce in the knowledge that they will get good prices. The production will be rationalised. Guyana, for example, produces a lot of carrots but these reach the market at high prices. Barbados can produce carrots more cheaply."

The new agricultural programme will pay less attention to the Caribbean Community's traditional export crops, such as sugar and bananas, and concentrate on non-traditional exports.

Much of this will depend on national programmes implemented by individual governments. Several Caricom states are watching Jamaica's efforts to break into the export of non-traditional farm products.

At the centre of Jamaica's efforts is a plan to bring about 200,000 acres of unused and under-used land into production. A five-year plan outlines steps for increased production of rice, soyabeans, milk, meat, fish and maize.

This is being backed by the transfer of 20,000 acres traditionally dedicated to sugar cane to the production of winter vegetables for export.

The Government has pinpointed the market for winter vegetables in Europe and the U.S. as being potentially the most lucrative. Mr Edward Seaga, the Prime Minister, says 10,000 of the 20,000 acres being taken out of sugar will be used for winter vegetables.

"Currently, the U.S. imports approximately 1.7bn lbs of vegetables during the winter season. Jamaica now supplies approximately 28m lbs, or about 0.1 per cent of U.S. imports."

The island is aiming to raise its market share of U.S. vegetable imports to 9 per cent.

Mr Seaga has reported early success in efforts to increase winter vegetable exports. He reported that shipments in 1983 were 3.7m lbs, rising to 6.2m lbs last year.

But national and even regional successes in these areas will still leave the Community with a major problem in reducing imports of livestock products, feeds and cereals, which account for 60 per cent of the food import bill.

Most of the countries in the Community can increase output in some livestock, such as pork and poultry. But only three can deal with larger livestock and with feeds and cereals—Guyana, Belize, and Jamaica.

The Community is planning to establish large farms, owned by two or more members, in countries such as Belize and Guyana.

A pilot project under way in the Belize river valley will cover 5,000 acres and, with modern technology, carries the hopes for Caricom's agricultural revolution.

U.S. petrol stocks rise further

By Our Washington Staff

U.S. STOCKS of petrol rose sharply last week, running counter to seasonal trends, according to the American Petroleum Institute (API).

For the week ending July 26, petrol stocks stood at 226.7m barrels, an increase of 6.8m barrels over a two-week period. They were 10.9m barrels below levels for the same week in 1984, considerably narrowing the wide disparities of recent months.

Crude oil stocks sank by 6.3m barrels over the week to 326.8m barrels, continuing their decline of the past five weeks. This time last year stocks stood at 356m barrels.

The API reported a rise in distillate fuel oil levels to 118.9m barrels, down 6.3m barrels on last year.

Milk Board announces management shake up

BY ANDREW GOWERS

THE Milk Marketing Board, the dairy monopoly in England and Wales, yesterday announced a significant management shake-up designed to streamline its operations and to emphasise its separation from its manufacturing subsidiary Dairy Crest Foods.

Under the new structure, three separate divisions—one responsible for milk marketing, one for breeding and production and one in the form of Dairy Crest—will report directly to the Board.

The post of MMB chief executive is to be abolished and its current occupant, Mr Geoffrey Ber, becomes chief executive of Dairy Crest Foods. Dairy Crest will have its own main board and an independent non-executive chairman, and the company will also move its headquarters out of the MMB's offices.

Sir Steve Roberts, MMB chairman, said yesterday that the changes were intended as a response to the decrease in milk output caused by milk production quotas and to increasing competitive pressures within Britain's dairy industry.

He said that, under the new structure, Dairy Crest would be "more self-contained, so it can concentrate absolutely on its business." In particular, Mr Ber's position would be more clearly defined.

The restructuring of MMB administration comes at a time when the Board is under attack from Britain's dairy trade for allegedly failing to manage Dairy Crest at arm's length as the law requires. The Government has appointed management consultants Touche Ross to investigate these claims.

Pakistan plans wheat imports to meet shortfall

BY MOHAMMED AFTAB IN ISLAMABAD

PAKISTAN WILL import 2m tones of wheat this year to make good a shortfall in the 1984-85 winter crop.

The wheat is required mainly for maintaining stocks and a comfortable supply position, the Ministries of Food and Commerce said.

The 1984-85 crop is estimated at 11.7m tonnes, with earlier fears that it may fall below 11m tonnes having been proved too pessimistic. The original projection for the crop was 13m tonnes.

The persistent drought in the country and drastically reduced water flows in the rivers during the winter cut into wheat production. The low river flows also meant that the electricity generation, was reduced and water pumps to irrigate wheat farms had to be switched off for several hours daily whils the crop was growing.

Out of the proposed 2m tonnes, 650,000 tonnes will be purchased under counter-trade arrangements from Australia and elsewhere.

LONDON MARKETS

ROBUSTA COFFEE futures on the London market moved up sharply yesterday influenced by a firmer New York market, easier sterling against the dollar and a strengthening in background sentiment following the dramatic falls of recent weeks. The September position, the new spot month following the expiry of July yesterday, ended £44 up at £1,584 a tonne and similar gains were made in forward months.

Some dealers said they thought the market had completed the correction needed from the oversold position it reached last week. They thought further substantial gains were unlikely for the time being.

LME prices supplied by Amalgamated Metal Trading

ALUMINIUM

	Unofficial close (p.m.) £ per tonne	+ or —	High/low
Cash	716.7	−5.6	709
3 months	731.5	+5	740 730

Official closing (am): Cash 709-16 (709.5-10), three months 731-5 (730.5-1), settlement 716 (710). Final Kerb close 738-38.5.

Turnover: 6,450 tonnes.

COPPER

[illegible]

LEAD

[illegible]

NICKEL

[illegible]

ZINC

[illegible]

MAIN PRICE CHANGES

In tonnes unless otherwise stated.

[illegible]

TIN

[illegible]

GOLD

[illegible]

SILVER

[illegible]

GRAINS

[illegible]

INDICES

FINANCIAL TIMES

[illegible]

REUTERS

[illegible]

DOW JONES

[illegible]

COFFEE

[illegible]

SUGAR

[illegible]

COCOA

[illegible]

SOYABEAN MEAL

[illegible]

FREIGHT FUTURES

[illegible]

COTTON

[illegible]

RUBBER

[illegible]

Kuala Lumpur fob price for RSS No 1 was 190.5 (151.0) cents a kg and lot SMR 20 was 161.0 (150.6).

OIL

There was moderate trading in non-Saudi Arab Gulf crudes for September. Brent traded 20c lower for September and October. August North Sea prices were stable in thin trading. Nymex WTI opened 11c down for September and traded 8c down at 1 pm EST. Of petroleum products naphtha slumped on lack of buyers for several prompt cargoes but heavy fuel in north-west Europe firmed due to continued demand into Italy—Petroleum Argus, London.

SPOT PRICES

	Latest	Change + or —
CRUDE OIL—FOB ($ per barrel)—Aug.		
Arab Light	27.19-27.25	+0.10
Arab Heavy	25.05-25.10	—
Dubai	26.70-26.75*	—0.10
Brent Blend	26.35-26.45*	—0.115
W.T.I. (1pm est)	27.26-27.30*	—0.05
Forcados (Nigeria)	—	—
Urals (cif NWE)	26.05-26.15	+0.05
PRODUCTS—North West Europe Prompt delivery cif ($ per tonne)		
Premium gasoline	283-285	—
Gas Oil	222-226	—
Heavy fuel oil	132-136	+2
Naptha	250-258	—4

* September.

Petroleum Argus estimates

GAS OIL FUTURES

[illegible]

POTATOES

[illegible]

PIGMEAT

[illegible]

U.S. MARKETS

PRECIOUS METALS found fresh buying in sympathy with the weak trend to the dollar along with continuing concerns over the South African situation, reports Heinold Commodities. Copper shrugged off a large stock decline in Comex warehouses to close steady on uncertainty over economic prospects. Aluminium was slightly higher on fears of on production cutbacks. Sugar was firm on disappointing test results for Sweden. Cocoa was under pressure from technical selling. Coffee was firm on short-covering linked to an oversold condition. Cotton rallied on an oversold condition and caution over making fresh sales at values below the loan rate. Heating oil prices were sharply lower on bearish statistics released by the API. While the build-up in industry stocks was most apparent in gasoline, the entire energy complex came under pressure. Professional buying followed by stop buying by commission houses produced a major rally in soyabeans.

NEW YORK

ALUMINIUM 40,000 lb, cents/lb

	Close	High	Low	Prev
August	44.70	—	—	44.65
Sept	45.00	45.20	45.00	44.95
Oct	45.30	—	—	45.25
Dec	46.00	46.20	46.00	45.95
Jan	46.35	—	—	46.30
March	47.00	—	—	40.95
May	47.70	—	—	47.65
July	48.40	—	—	48.35

COCOA 10 tonnes, $/tonnes

[illegible]

COFFEE "C" 37,500 lb, cents/lb

[illegible]

COPPER 25,000 lb, cents/lb

	Close	High	Low	Prev
August	60.75	—	—	60.80
Sept	61.10	61.70	60.75	61.25
Oct	61.45	—	—	61.50
Dec	62.20	62.75	61.80	62.35
Jan	62.50	—	—	62.00
March	63.05	63.55	62.65	63.10
May	63.45	63.85	63.30	63.55
July	63.85	64.10	63.90	63.95
Sept	64.20	—	—	64.30
Dec	64.75	65.20	65.20	64.85

COTTON 50,000 lb, cents/lb

	Close	High	Low	Prev
Oct	60.90	60.09	59.90	59.60
Dec	59.96	60.00	59.90	59.58
March	60.30	60.50	60.25	60.04
May	60.25	60.50	60.15	60.01
July	59.95	59.95	59.70	59.52
Oct	54.45	—	—	54.08

CRUDE OIL (LIGHT) 42,000 U.S. gallons, $/barrels

[illegible]

GOLD 100 troy oz, $/troy oz

[illegible]

HEATING OIL 42,000 U.S. gallons, cents/U.S. gallons

[illegible]

ORANGE JUICE 15,000 lb, cents/lb

[illegible]

PLATINUM 50 troy oz, $/troy oz

[illegible]

SILVER 5,000 troy oz, cents/troy oz

[illegible]

SUGAR WORLD "11" 112,000 lb, cents/lb

	Close	High	Low	Prev
Sept	4.35	4.37	4.16	4.17
Oct	4.50	4.57	4.30	4.28
Jan	4.77	4.77	4.55	4.48
March	3.07	5.10	4.83	4.87
May	5.22	6.25	5.03	4.87
July	6.49	5.40	6.22	6.29
Sept	5.53	5.60	5.32	5.35
Oct	5.70	5.71	5.50	5.54

CHICAGO

LIVE CATTLE 40,000 lb, cents/lb

[illegible]

LIVE HOGS 30,000 lb, cents/lb

[illegible]

MAIZE 5,000 bu min, cents/56-lb bushel

[illegible]

PORK BELLIES 38,000 lb, cents/lb

[illegible]

SOYABEANS 5,000 bu min, cents/60-lb bushel

[illegible]

SOYABEAN MEAL 100 tons, $/ton

[illegible]

SOYABEAN OIL 60,000 lb, cents/lb

[illegible]

WHEAT 5,000 bu min, cents/60-lb bushel

	Close	High	Low	Prev
Sept	296.0	297.0	289.4	295.4
Dec	302.4	304.2	295.5	302.6
March	301.8	304.0	295.2	301.6
May	292.2	292.2	286.4	291.2
July	271.2	272.0	265.0	270.6
Sept	276.0	—	—	274.0

SPOT PRICES—Chicago loose lard 17.00 (same) cents per pound. New York tin 683.0-685.0 (684.0-686.0) cents per pound. Handy and Harman silver bullion 627.0 (626.5) cents per troy ounce.

OTHER MARKETS

ROTTERDAM

WHEAT—(U.S. $ per tonne): U.S. No 2 Soft Red Winter: Sept 132, Oct 135, Nov 138, Dec 139. U.S. No 2 Northern Spring, 14 per cent protein: Aug 131, Sept 148, Oct 151, Nov 155.50. U.S. Northern Spring, 15 per cent protein: Aug 158, Sept 157, Oct 159, Nov 163.50. U.S. No 3 Hard Amber Durum: Aug 160, Sept 155, Oct 159, Nov 164. Canadian No 1 Western Red Spring, 13.5 per cent: Aug 162.50, Sept 161.50, Oct 163.50. Canadian No 1 Western Amber Durum: Aug 170, Sept 170, Oct 173, Nov 15/Dec 15 177.

MAIZE—(U.S. $ per tonne): U.S. No 3 Yellow: afloat 124, Aug 116.50, Sept 116.50, Oct/Dec 113, Jan/March 115.50, sellers. Argentine Plate: afloat 130, July 132, Aug 129, Sept 131, sellers.

WOOL FUTURES

SYDNEY GREASY WOOL—Close (in order: buyer, seller, business). Australian cents per kg. Oct 610.0, 616.0, nil; Dec 612.0, 620.0, nil; March 620.0, 629.0, nil; May 630.0, 635.5, nil; July 633.0, 638.0, nil; Oct 620.0, 635.0, nil; Dec 630.0, 638.0, 634.0; March 633.0, 642.0, 637.0. Sales: 10.

MEAT

SMITHFIELD—Pence per pound. Beef: Scotch killed sides 78.0 to 81.0; English forequarters 52.0 to 57.0; Ulster hindquarters 88.0 to 92.0. Veal: Dutch hinds and ends 140.0 to 146.0. Lamb: English small 70.0 to 76.0, medium 68.0 to 74.0, heavy 68.0 to 67.0; Scotch heavy 65.0 to 97.0; Imported: New Zealand PL 64.5 to 65.5, PX 64.0 to 65.5. Pork: English under 100 lb 50.0 to 58.0, 100-120 lb 49.0 to 54.0, 120-180 lb 43.0 to 48.0.

MEAT COMMISSION—Average fatstock prices at representative markets. GB—Cattle 95.78p per kg lw (−0.24). GB—Sheep 188.31p per kg est dcw (+2.67). GB—Pigs 75.62p per kg lw (−1.32).

PARIS

SUGAR—(FFr per tonne): Oct 1260-1265, Dec 1280-1310, Mar 1337-1340, May 1363-1375, Aug 1420-1430, Oct 1480-1485.

COCOA—(FFr per 100 kg): Sept 1996-1997, Dec 1985-1987, Mar 1995-2000, May 2000 bid, July 2005 bid, Sept 2010 bid.

CURRENCIES, MONEY and CAPITAL MARKETS

FOREIGN EXCHANGES

Dollar closes above worst

The dollar finished weaker on the day, but well above early morning lows. Speculation about a possible weakening of oil prices, if Saudi Arabia increases production in the top of its Opec quota, gave a late boost to the dollar, while demand for the U.S. currency at the end of the month and a firmer Federal funds rate in New York added further support.

Overnight weakness in New York on Tuesday and the Far East pushed the dollar down to a low of DM 2.78 in early European trading, as the foreign exchange market remained concerned about the prospects for the U.S. economy. The index of leading indicators rose by 1.0 per cent, against expectations of around 0.8 per cent, but the May figure was revised down to 0.1 per cent from 0.7 per cent, creating uncertainty in the market.

The dollar fell to DM 2.8055 from DM 2.8170; FFr 8.56 from FFr 8.57, and Y236.65 from Y237.30, but improved slightly to SwFr 2.2980 from SwFr 2.2955.

On Bank of England figures the dollar's index fell to 136.5 from 136.8.

Among other currencies, the South African rand was very weak on rumours about the possible reintroduction of a two-tier currency.

STERLING — Trading range against the dollar in 1985 is 1.4290 to 1.0525. June average 1.2813. Exchange rate index fell 0.9 to 83.5, the lowest level of the day. It opened at the day's peak of 84.2 and was steady around 84.1 for most of the day.

Sterling weakened against the dollar and other major currencies. The initial decline was in reaction to lower London interest rates and expectations of another reduction in UK clearing bank base rates but the pound also fell in late trading after Sheik Yamani, Saudi Arabian oil minister, warned of a possible rise in oil production by his country. Sterling fell 1.45 cents to $1.4060-1.4090 and also weakened to DM 3.9550 from DM 4.00; FFr 12.0575 from FFr 12.1750; SwFr 3.2450 from SwFr 3.2575; and Y333.50 from Y336.75.

D-MARK — Trading range against the dollar in 1985 is 3.4510 to 2.8055. June average 3.0639. Exchange rate index 125.9 against 120.4 six months ago.

The D-mark continued to advance against the dollar yesterday, with the U.S. currency falling to its lowest level for over a year. It closed at DM 2.7990 in Frankfurt, compared with DM 2.8215 on Tuesday. The dollar fell immediately after publication of U.S. leading indicators, but then showed a late rally. It finished near the day's high, on commercial demand, but could not hold above DM 2.80. Earlier in the day the dollar was fixed at DM 2.7884, compared with DM 2.8353, the lowest level since the end of June last year. The weakness of the dollar followed Tuesday's disappointing U.S. trade figures and selling of the currency overnight in New York and in the Far East. Sterling fell to DM 3.9860 at the Frankfurt fixing from DM 4.0350 on speculation about cuts in UK bank base

STERLING INDEX

	July 31	Previous
8.30 am	84.2	84.6
9.00 am	84.1	84.6
10.00 am	84.0	84.6
11.00 am	84.1	84.6
Noon	84.1	84.6
1.00 pm	84.1	84.5
2.00 pm	84.1	84.5
3.00 pm	84.1	84.2
4.00 pm	83.5	84.4

EMS EUROPEAN CURRENCY UNIT RATES

	Ecu central rates	Currency amounts against Ecu July 31	% change from central rate	% change adjusted for divergence	Divergence limit %
Belgian Franc ...	44.8320	45.1994	+0.81	+0.81	N/A
Danish Krone ...	8.12857	8.05481	−0.91	−0.91	N/A
German D-mark	2.23840	2.23803	−0.02	−0.02	N/A
French Franc ...	6.86402	6.82710	−0.54	−0.54	N/A
Dutch Guilder...	2.52208	2.51413	−0.32	−0.32	N/A
Irish Punt ...	0.724578	0.715575	−1.24	−1.24	N/A
Italian Lira ...	1520.60	1501.91	−1.23	−1.23	N/A

Changes are for Ecu, therefore positive change denotes a weak currency. Adjustment calculated by Financial Times.

£ IN NEW YORK

	July 31	Prev. close
£ Spot	$1.4055-1.4080	$1.4040-1.4250
1 month	0.44-0.42 pm	0.46-0.44 pm
3 months	1.02-0.98 pm	1.05-1.00pm
12 months	2.30-2.15 pm	2.40-2.30pm

Forward premiums and discounts apply to the U.S. dollar

POUND SPOT—FORWARD AGAINST POUND

July 31	Day's spread	Close	One month	% p.a.	Three months	% p.a.
U.S.	1.4040-1.4310	1.4080-1.4090	0.44-0.41c pm	3.62	1.08-1.03pm	3.00
Canada	1.9050-1.9329	1.9050-1.9100	0.01c pm-par	0.03	0.02pm-par	0.02
Nethlnd.	4.44-4.48½	4.44-4.45	0.22-0.19c pm	0.55	0.60-0.55pm	0.52
Belgium	79.70-80.72	79.70-79.80	21-14c pm	2.63	41-30pm	1.78
Denmark	14.21-14.28	14.21-14.22	4⅞-3⅞ore pm	3.06	7½-6⅞pm	1.93
Ireland	1.2675-1.2790	1.2675-1.2685	0.23-0.08p pm	1.47	0.58-0.35pm	1.47
W. Ger.	3.95-3.98¼	3.95-3.96	2½-2⅛pf pm	7.21	6½-6⅛pm	6.38
Portugal	231¾-237¼	231¾-235¾	60-430c dis	−12.58	440-1525dis	−16.81
Spain	232¾-238½	232¾-232¾	170-470c dis	−16.52	470-900dis	−11.78
Italy	2,653½-2,694¾	2,658½-2,659½	2 lire pm-3 dis	−0.23	8-15dis	−1.73
Norway	11.55-11.69½	11.55-11.56	½-1⅛ore dis	−0.97	3⅛-4dis	−1.25
France	12.05¾-12.19½	12.05¾-12.06¾	⅜ore pm-1⅞ dis	−0.25	3-6½dis	−1.56
Sweden	11.66½-11.81½	11.66½-11.67½	4-6⅜ore dis	−4.50	10⅛-11½dis	−3.81
Japan	333-338	333-334	1.60-1.50y pm	5.58	4.15-4.00pm	4.89
Austria	27.78-28.12	27.78-27.83	14-12½gro pm	5.72	35-31½pm	4.86
Switz.	3.23¾-3.27½	3.24-3.25	2-1¾c pm	6.93	5⅞-5pm	6.32

Belgian rate is for convertible francs. Financial franc 80.70-80.85. Six-month forward dollar 1.80-1.75c pm. 12-month 2.60-2.35c pm.

DOLLAR SPOT—FORWARD AGAINST DOLLAR

July 31	Day's spread	Close	One month	% p.a.	Three months	% p.a.
UK†	1.4040-1.4310	1.4080-1.4090	0.44-0.41c pm	3.62	1.08-1.03pm	3.00
Ireland†	1.1110-1.1236	1.1135-1.1145	0.25-0.15c pm	2.14	0.50-0.35pm	1.52
Canada	1.3509-1.3646	1.3514-1.3524	0.10-0.15c dis	−1.11	0.30-0.35dis	−0.96
Nethlnd.	3.1230-3.1545	3.1520-3.1530	0.53-0.50c pm	1.97	1.75-1.71pm	2.21
Belgium	56.25-56.65	56.50-56.60	6-11c dis	−1.81	22-32dis	−1.92
Denmark	10.01-10.12	10.10⅜-10.11⅜	¼-¾ore dis	−0.60	1¼-1¾dis	−0.60
W. Ger.	2.7900-2.8115	2.8050-2.8060	0.82-0.71pf pm	3.42	2.46-2.41pm	3.49
Portugal	165-166¾	165¾-166¾	100-350c dis	−16.29	450-1200dis	−19.91
Spain	162.50-163.85	163.30-163.60	175-375c dis	−20.24	450-700dis	−14.11
Italy	1,885¼-1,879	1,878-1,879	5-6½ lire dis	−3.88	20-22½dis	−2.37
Norway	8.18-8.20½	8.20-8.20½	2⅞-3⅜ore dis	−4.90	8⅛-8⅝dis	−4.15
France	8.49-8.58½	8.55¾-8.56¾	3-4c dis	−4.84	10½-12dis	−5.30
Sweden	8.22½-8.31½	8.31¼-8.31¾	5½-6ore dis	−8.35	13½-14dis	−6.66
Japan	236.10-236.85	236.60-236.70	0.28-0.34y pm	1.83	1.18-1.13pm	1.95
Austria	19.66-19.76	19.63-19.67	4-3¼gro pm	2.22	11½-8pm	2.09
Switz.	2.2760-2.2985	2.2975-2.2985	0.70-0.64c pm	3.52	2.04-1.98pm	3.52

† UK and Ireland are quoted in U.S. currency. Forward premiums and discounts apply to the U.S. dollar and not to the individual currency. Belgian rate is for convertible francs. Financial franc 57.30-57.40.

OTHER CURRENCIES

July 31	£	$		£ Note Rates
Argentina Austl.	1.1412-1.1439	0.8000-0.8010	Austria	27.85-28.15
Australia Dollar	1.9635-1.9675	1.3805-1.3825	Belgium	81.40-82.30
Brazil Cruzeiro	8,158-9,198	6,420-6,440	Denmark	14.28-14.42
Finland Markka	8.3695-8.4095	5.8875-5.8895	France	12.09-12.22
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

CURRENCY MOVEMENTS

July 31	Bank of England Index	Morgan Guaranty Change %
Sterling	83.5	−6.9
U.S. dollar	136.5	+23.7
Canadian dollar	88.5	−7.1
Austrian schilling	116.3	+4.4
Belgian franc	91.1	−10.5
[illegible]	[illegible]	[illegible]

Morgan Guaranty changes: average 1980-1982=100. Bank of England Index (base average 1975=100).

CURRENCY RATES

July 31	Bank rate %	Special Drawing Rights	European Currency Unit
Sterling	—	0.725004	0.668092
U.S.$	7½	1.03737	0.801444
Canadian $	9.51	*	1.08331
Austria Sch.	4½	20.3304	15.7323
Belgian Fr	10	58.4195	45.1934
Danish Kr	7	10.4230	8.05481
[illegible]	[illegible]	[illegible]	[illegible]

* CS/SDR rate for July 30: 1.39446.

EXCHANGE CROSS RATES

July 31	Pound Sterling	U.S. Dollar	Deutschem'k	Japanese Yen	French Franc	Swiss Franc	Dutch Guild	Italian Lira	Canada Dollar	Belgian Franc
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

EURO-CURRENCY INTEREST RATES (Market closing rates)

July 31	Sterling	U.S. Dollar	Canadian Dollar	Dutch Guilder	Swiss Franc	D-mark	French Franc	Italian Lira	Belgian Franc Conv.	Belgian Franc Fin.	Yen	Danish Krone
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Asian $ (closing rates in Singapore): Short-term 7⅝-7⅞ per cent; seven days 7¹³⁄₁₆-7¹⁵⁄₁₆ per cent; one month 7¹³⁄₁₆-8⅛ per cent; three months 8⅛-8¼ per cent; six months 8⅛-8½ per cent; one year 8¹¹⁄₁₆-8¹³⁄₁₆ per cent. Long-term Eurodollars: two years 9⅜-9⅝ per cent; three years 10-10¼ per cent; four years 10⅛-10⅜ per cent; five years 10⅜-10⅞ per cent nominal. Short-term rates are call for U.S. dollars and Japanese yen; others two days' notice.

MONEY MARKETS

London rates slightly firmer

There was a slightly firmer tone to interest rates on the London money market yesterday as sterling weakened on the foreign exchanges. Three-month interbank was around 11⅛-11⁷⁄₁₆ per cent in early trading, but closed at 11⁵⁄₁₆-11⁷⁄₁₆ per cent, compared with 11¼-11⅜ per cent previously. Discount houses buying rates for three-month bank bills rose to 10⁷⁄₁₆ per cent from 10¹¹⁄₁₆ per cent. Prospects appeared to remain good for another cut in bank base rates after the money supply figures next Tuesday, but nervousness followed the comment by Sheik Yamani of Saudi Arabia about a possible rise in the country's oil production.

The Bank of England forecast a money market shortage of £1,050m and provided total help on the day of £964m.

Discount houses were again reluctant to sell bills outright to the Bank of England at existing dealing rates, on the prospect of a cut in bank base rates, and the authorities again supplied a large repurchase agreement to absorb part of the shortage.

Before lunch the Bank of England gave help of £152m, by purchasing £10m bank bills in band 1 (up to 14 days maturity) at 11⅜ per cent; and £142m bank bills in band 2 (15-33days) at 11⁵⁄₁₆ per cent.

In the afternoon further assistance of £802m was provided, including £377m outright purchases of bills, through £29m bank bills in band 1 at 11⅜ per cent; £10m local authority bills in band 2 at 11⁵⁄₁₆ per cent; £336m bank bills in band 2 at 11⁵⁄₁₆ per cent; and £2m bank bills in band 3 (34-63 days) at 11¼ per cent.

Another £425m bills were bought for resale to the market in equal amounts on August 14 and 20 at 11⅜-11½ per cent.

Late assistance of £10m was also provided.

Bills maturing in official hands, repayment of late assistance and a take-up of Treasury bills drained £441m, with the unwinding of repurchase agreements absorbing £1,047m, a rise in the note circulation £65m, and bank balances below target another £90m. These outweighed Exchequer transactions adding £600m to liquidity.

UK clearing banks base-lending rate 11½ per cent since July 30.

MONEY RATES

July 31	Frankfurt	Paris	Zurich	Amst'dam	Tokyo	Milan	Brussels	Dublin
Overnight	4.75-5.00	9⅞	1⅞-2⅛	2⅛-5¼	6.34375	14⅛-14⅞	8.55	11¼-11½
One Month	4.95-5.10	9¾-9⅞	4⅜-4⅝	6⅛-5⅜	6.56375	14⅛-14½	8⅝-8⅞	10⅝-10⅞
Two Months	4.05-5.10	9⅞-0⅞	—	—	—	—	—	10½-10⅝
Three Months	4.95-5.10	9⅞-9⅞	4⅞-4⅞	6-6⅛	6.34375	14⅛-14⅞	9-9¼	10⅝-10⅝
Six Months	5.00-5.15	10-10⅛	—	6-6⅛	—	—	9¼-9⅛	10¼-10⅛
Lombard	6.0	—	—	—	—	—	—	—
Intervention	—	9⅛	—	6⅛	—	—	—	—

LONDON MONEY RATES

Discount Houses Deposit and Bill Rates

July 31 1985	Sterling Certificate of deposit	Interbank	Local Authority deposits	Company Deposits	Market Deposits	Treasury (Buy)	Treasury (Sell)	Eligible Bank (Buy)	Eligible Bank (Sell)	Fine Trade (Buy)
Overnight	—	11¾-12¼	12	12¼	11½-12¼	—	—	—	—	—
2 days notice	—	—	11⅞-12	—	—	—	—	—	—	—
7 days or	—	—	—	—	—	—	—	—	—	—
7 days notice	—	11⅞-12⅛	11⅞-12	12⅛-12¼	11⅝-11⅞	—	—	—	—	—
One month	11½-11⅜	11⅜-11⅝	11½	11¼	11¼	11⅛	11⅛	11⅛	11⅛	11⅝
Two months	11⅜-11⅜	11⅜-11⅜	11⅜	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Three months	11⅛-11⅛	11⅛-11⅜	11⅛	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Six months	10⅞-10⅞	11-11⅛	10⅞	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Nine months	10⅞-10⅞	10⅞ 11	—	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
One year	10⅝-10½	10⅞-10⅞	10¾	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

	Local Auth. negotiable bonds	Local Authority Deposits	Finance House Deposits	$ Cert of Deposits	SDR Linked Deposits	ECU Linked Deposits
One month	11⅞-11⅝	—	11⅛	7.9	[illegible]	[illegible]
Two months	11¾ 11⅛	—	11⅛	7.95	[illegible]	[illegible]
Three months	11½-11¼	—	11⅛	8.0	[illegible]	[illegible]
Six months	11¼-11	—	11⅛	8.3	[illegible]	[illegible]
Nine months	11⅛-10⅞	—	11	8.6	[illegible]	[illegible]
One year	11⅛-10⅞	—	10⅞	8.76	[illegible]	[illegible]
Two years	—	10⅞	—	—	—	—
Three years	—	10⅞	—	—	—	—
Four years	—	10⅞	—	—	—	—
Five years	—	10⅞	—	—	—	—

ECGD Fixed Finance IV: Average Rate of Interest period June 5 to July 2 (inclusive): 12.535 per cent. Local authority and finance houses seven days' notice, others seven days' fixed. Finance Houses Base Rate (published by the Finance Houses Association): 12½ per cent from August 1, 1985. London and Scottish Clearing Bank Rate for lending 11½ per cent. London Deposit Rate for sums at seven days' notice 6.25-6.625 per cent (net). Treasury Bills: Average tender rate of discount 11.1325 per cent. Certificates of Tax Deposit (Series 6): Deposits £100,000 and over held under one month 11½ per cent; one-three months 11½ per cent; three-six months 11 per cent; six-nine months 11⅛ per cent; nine-12 months 10¾ per cent. Under £100,000 10¾ per cent from July 23. Deposits held under Series 5 10¾ per cent. The rate for all deposits withdrawn for cash 7½ per cent.

MONEY RATES

NEW YORK (Lunchtime)

Prime rate	9½
Broker loan rate	[illegible]
Fed funds	8⅛
Fed funds at intervention	[illegible]

Treasury Bills

One month	6.95
Two month	6.90
Three month	7.27
Six month	7.42
One year	7.53

Treasury Bonds

Two year	[illegible]
Three year	[illegible]
Four year	[illegible]
Five year	[illegible]
Seven year	[illegible]
10 year	[illegible]
30 year	[illegible]

FT LONDON INTERBANK FIXING

(11.00 a.m. July 31)
3 months U.S. dollars

bid 8 ⅛	offer 8 ¼

6 months U.S. dollars

bid 8 ¼	offer 8 ⅜

The fixing rates are the arithmetic means, rounded to the nearest one-sixteenth, of the bid and offered rates for $10m quoted by the market to five reference banks at 11 a.m. each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque Nationale de Paris and Morgan Guaranty Trust.

FINANCIAL FUTURES

Bonds strong

U.S. Treasury bonds were the strong feature on the London International Financial Futures Exchange yesterday. September delivery bonds opened weaker at 74-20, but soon met with good buying, taking the contract up to 74-29 before Chicago opened. The larger than expected rise in U.S. June leading indicators—at 1.0 per cent against an anticipated 0.8 per cent—encouraged selling taking the price down to 74-17, but it closed just below the day's peak at 74-29, compared with 74.23 on Tuesday after a downward revision to 0.1 per cent from 0.7 per cent in the May figure. Dealers suggested there is strong resistance around the 75-00 level.

Eurodollar futures were influenced by similar factors, opening at 91.60 for September delivery and encountering early buying, partly on squaring positions ahead of the leading indicators announcement.

A higher-than-expected Federal funds rate of 8 per cent in early New York trading depressed the contract, which closed at 91.63 against 91.68 previously.

Sterling-denominated contracts weakened against a background of a falling pound on the foreign exchanges, and renewed fears about lower oil prices. September short sterling opened strong at 89.20, but closed near the day's low at 89.05, compared with the previous settlement of 89.15.

Gilt futures were also sold down on similar factors.

LONDON

THREE-MONTH EURODOLLAR
$1m points of 100%

	Close	High	Low	Prev
Sept	91.63	91.66	91.59	91.68
Dec	91.15	91.18	91.11	91.20
March	90.72	90.73	90.69	90.76
June	90.32	90.33	90.28	90.35
Sept	89.96	89.95	89.92	89.98

Estimated volume 5,983 (7,967)
Previous day's open int 19,708 (19,350)

THREE-MONTH STERLING
£500,000 points of 100%

	Close	High	Low	Prev
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

20-YEAR 12% NOTIONAL GILT
£50,000 32nds of 100%

	Close	High	Low	Prev
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

STERLING £25,000 $ per £

	Close	High	Low	Prev
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

DEUTSCHE MARKS
DM 125,000 $ per DM

	Close	High	Low	Prev
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

SWISS FRANCS
SwFr 125,000 $ per SwFr

	Close	High	Low	Prev
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

JAPANESE YEN Y12.5m $ per Y100

	Close	High	Low	Prev
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

FT-SE 100 INDEX
£25 per full index point

	Close	High	Low	Prev
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

U.S. TREASURY BONDS
8% $100,000 32nds of 100%

	Close	High	Low	Prev
Sept	74-29	74-31	74-17	74-23
Dec	73-27	73-30	73-16	73-22
March	72-27	—	—	72-22

Estimated volume 2,987 (3,096)
Previous day's open int 2,803 (2,588)

CHICAGO

U.S. TREASURY BONDS (CBT)
8% $100,000 32nds of 100%

	Latest	High	Low	Prev
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

U.S. TREASURY BILLS (IMM)
$1m points of 100%

	Latest	High	Low	Prev
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

CERT. DEPOSIT (IMM)
$1m points of 100%

	Latest	High	Low	Prev
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

THREE-MONTH EURODOLLAR (IMM)
$1m points of 100%

	Latest	High	Low	Prev
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

STERLING (IMM) $ per £

	Latest	High	Low	Prev
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

GNMA (CBT)
8% $100,000 32nds of 100%

	Latest	High	Low	Prev
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

LONDON SHARE SERVICE

BRITISH FUNDS

"Shorts" (Lives up to Five Years)

Five to Fifteen Years

Over Fifteen Years

Undated

Index-Linked

INT. BANK AND O'SEAS GOVT STERLING ISSUES

CORPORATION LOANS

COMMONWEALTH & AFRICAN LOANS

LOANS

Building Societies

Public Board and Ind.

Financial

FOREIGN BONDS & RAILS

AMERICANS

AMERICANS—Cont.

CANADIANS

BANKS, HP & LEASING

Hire Purchase, Leasing, etc.

BEERS, WINES & SPIRITS

BUILDING, TIMBER, ROADS

BUILDING, TIMBER, ROADS—Cont.

CHEMICALS, PLASTICS

DRAPERY AND STORES

DRAPERY & STORES—Cont.

ELECTRICALS

ENGINEERING

ENGINEERING—Continued

FOOD, GROCERIES, ETC

HOTELS AND CATERERS

HOTELS—Continued

INDUSTRIALS (Miscel.)

INDUSTRIALS—Continued

[illegible]

INSURANCES

[illegible]

LEISURE

[illegible]

LEISURE—Continued

[illegible]

MOTORS, AIRCRAFT TRADES

Motors and Cycles

[illegible]

Commercial Vehicles

[illegible]

Components

[illegible]

Garages and Distributors

[illegible]

NEWSPAPERS, PUBLISHERS

[illegible]

PAPER, PRINTING, ADVERTISING

[illegible]

PROPERTY

[illegible]

PROPERTY—Continued

[illegible]

SHIPPING

[illegible]

SHOES AND LEATHER

[illegible]

SOUTH AFRICANS

[illegible]

TEXTILES

[illegible]

TOBACCOS

[illegible]

TRUSTS, FINANCE, LAND

Investment Trusts

[illegible]

INVESTMENT TRUSTS—Cont.

[illegible]

Finance, Land, etc

[illegible]

FINANCE, LAND—Cont.

[illegible]

OIL AND GAS

[illegible]

OVERSEAS TRADERS

[illegible]

PLANTATIONS

Rubbers, Palm Oil

[illegible]

Teas

[illegible]

MINES

Central Rand

[illegible]

Eastern Rand

[illegible]

Far West Rand

[illegible]

MINES—Continued

O.F.S.

[illegible]

Diamond and Platinum

[illegible]

Central African

[illegible]

Finance

[illegible]

Australians

[illegible]

Tins

[illegible]

Miscellaneous

[illegible]

NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation and unrelieved ACT where applicable; bracketed figures indicate 10 per cent or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution; this compares gross dividend costs to profit after taxation, excluding exceptional profits/losses but including estimated extent of offsettable ACT. Yields are based on middle prices, are gross, adjusted to ACT of 30 per cent and allow for value of declared distribution and rights.

- ● "Tap Stock".
- * Highs and Lows marked thus have been adjusted to allow for rights issues for cash.
- † Interim since increased or resumed.
- ‡ Interim since reduced, passed or deferred.
- ‡‡ Tax-free to non-residents on application.
- ◆ Figures or report awaited.
- ♥ Not officially UK listed, dealings permitted under Rule 535(4)(a).
- ✠ USM; not listed on Stock Exchange and company not subjected to same degree of regulation as listed securities.
- ‡‡ Dealt in under Rule 535(3).
- ♦ Price at time of suspension.
- ¶ Indicated dividend after pending scrip and/or rights issue: cover relates to previous dividend or forecast.
- ♦ Merger bid or reorganisation in progress.
- ♣ Not comparable.
- ◆ Same interim: reduced final and/or reduced earnings indicated.
- ¢ Forecast dividend; cover on earnings updated by latest interim statement.
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ★ Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided.
- ¤ No par value.

B.Fr. Belgian Francs. Fr. French Francs. ¢¢ Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock. a Tax free. b Figures based on prospectus or other offer estimate. c Cents. d Dividend rate paid or payable on part of capital, cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending. q Earnings based on preliminary figures. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast dividend: cover based on previous year's earnings. v Subject to local tax. x Dividend cover in excess of 100 times. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Minimum tender price. F Dividend and yield based on prospectus or other official estimates for 1984-85. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1984. K Figures based on prospectus or official estimates for 1984. M Dividend and yield based on prospectus or other official estimates for 1985-86. N Dividend and yield based on prospectus or other official estimates for 1985. P Figures based on prospectus or other official estimates for 1983. Q Gross. T Figures assumed. Z Dividend total to date.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xc ex capital distribution.

REGIONAL & IRISH STOCKS

The following is a selection of Regional and Irish stocks, the latter being quoted in Irish currency

Stock	Price	+ or −	Stock	Price	+ or −
Albany Inv 20p	46		Arnott	180	
Craig & Rose £1	700		CPI Hldgs	56	
Finlay Pkg. 5p	61		Carrol Inds.	139	
Higsons Brew	235		Dublin Gas	72	
Holt (Jos) 25p	720		Hall (R. & H.)	56	
IoM Stm. £1	85		Heiton Hldgs.	19	
IRISH			Irish Ropes	48	
Fund 11¾% 1988	£101½		Jacob (W. & R.)	80	
Nat. 9¾% 84/89	£97¾		Unidare	87	
Fin. 13% 97/02	£110¼	−¼			

"Recent Issues" and "Rights" Page 38
(International Edition Page 32)

LONDON STOCK EXCHANGE

MARKET REPORT

Equities stage marked late turnround as sterling falls back from initial high

Account Dealing Dates

*First Dealings	Option Declarations	Last Dealings	Account Day
July 15	July 25	July 26	Aug 5
July 29	Aug 8	Aug 9	Aug 19
Aug 12	Aug 29	Aug 30	Sept 9

* " New-time " dealings may take place from 9.30 am two business days earlier.

Leading shares staged a marked turnaround late in the session yesterday and the FT Ordinary share index, which had shown losses ranging from 6.3 to 3.2 at at all inter-day calculations, closed a net 7.1 up on the day at 943.1. The after-hours' shift in sentiment was mainly attributed to the exchange rate, although a more encouraging trend in early Wall Street trading helped.

The equity market had earlier been unsettled by the Confederation of British Industry's warning that the economic recovery could be losing momentum. Dealers marked the majority of blue chips down immediately business started and prices suffered further when stock came on offer from nervous short-term holders. Exchange rate considerations influenced potential investors as the pound rose to over $1.43 against the dollar before reacting sharply later to $1.4085.

Revived concern over the damaging effects of a strong currency on overseas earnings seemed to outweigh the thought that its continuing buoyancy increases the chance of another small cut soon in base lending rates.

A specialist brokers' adverse view of the Engineering sector also brought pressure to bear on the market, and on GKN in particular. The group is due to announce its preliminary statement next Wednesday and a leading jobber has downgraded its profit forecast from £140m to £130m. Around mid-morning, however, the sales of top-quality stocks abated and the price falls were subsequently reduced.

A combination of overseas profit-taking and switching to index-linked issues lowered conventional Government securities. The continued firmness of the D-mark against other international currencies lured funds away from both sterling and the Gilt-edged market. Although the offerings were described as relatively light, longer-dated Gilts eased progressively to close with losses of approaching a point. In marked contrast, index-linked stocks rose, in a currently untapped market, by amounts extending to ¾; fears were voiced that the rate of inflation may not fall back as sharply as recently envisaged.

NatWest down again

NatWest lost 10 more for a two-day decline of 35 to 655p on the disappointing interim results. Other clearers marked time awaiting today's half-year profits statements from Barclays and Midland, unchanged at 375p and 390p respectively. Lloyds, scheduled to bring the season to a close tomorrow, also closed unaltered at 395p, after 390p.

Computer services concern CAP Group staged a successful market debut; the shares, offered at 120p, opened at 131p and moved up to 141p.

Leading Buildings were virtually unchanged, but secondary issues displayed several noteworthy movements. SGB attracted further buying interest on takeover hopes and firmed 4 for a two-day gain of 12 to 152p, while recently-overlooked Higgs and Hill moved up 6 to 368p. Watts Blake Bearne improved 5 more to 230p, while Trent Holdings hardened a couple of pence to 106p following satisfactory annual results. Milbury, however, came under renewed selling pressure in the absence of any clarification of recent reports concerning possible cash flow problems and dipped to a 1985 low of 25p prior to closing 2 down at 28p. The poor annual results continued to depress J. Jarvis which fell 23 to 270p.

Debenhams volatile

Debenhams continued to attract considerable activity awaiting the outcome of the acrimonious bid battle with Burton, whose offer closes tomorrow. Debenhams reacted to 301p prior to closing a net 7 down at 306p. House of Fraser has increased its Debenhams stake to 22.52 per cent, but the shareholding and a proposed co-operation agreement have reportedly been the subject of a complaint to the Takeover Panel and are being investigated by the Office of Fair Trading. Burton closed 2 dearer at 452p, after 454p. Among other Stores, British Home Stores attracted support on thoughts that the group could attract a takeover bid once the Debenhams/Burton situation is resolved and gained 6 to 290p.

Investors took the view that STC had been oversold and came for the shares ahead of the interim figures, scheduled for nine days time, and the close was 8 higher at 102p. Racal, still reflecting the optimistic annual report, closed a further 6 dearer at 148p. British Telecom responded to good demand at 192p, up 6, while GEC added a similar amount at 178p and Plessey 4 at 148p. Elsewhere in Electricals, Volex, formerly Ward and Goldstone, jumped 13 to 198p on speculative buying in front of an analysts' meeting with stockbrokers Rowe and Pitman today.

An adverse circular from stockbrokers Quilter Goodison put the brake on the recent advance in Engineerings. GKN, strongly supported of late ahead of next Wednesday's interim results, dropped to 206p before rallying to finish a net 4 down on balance at 210p. Hawker displayed resilience and retrieved an early loss of 10 to close unaltered at 375p. TI, strongly rumoured to be on the verge of receiving a £4 per share bid from Evered which recently acquired a 12 per cent stake in the company, gave up 4 at 336p; the first half results are due next Thursday.

Rowntree Mackintosh were a late firm feature in Foods and closed 5 higher at 380p, after 370p, on vague rumours of a possible bid from Imperial Group. Tate and Lyle, on the other hand, remained a weak market and lost 8 more to 430p. Among the regional retailers, Hillards rose 10 to 360p and William Morrison firmed 4 to 143p. Sweet manufacturers John J. Lees and Squirrel Horn proved popular, the former rose 20 to 150p in a restricted market and the latter gained 3 to 30p.

Recently-dull Trusthouse Forte picked up 3 to 130p, while Grand Metropolitan hardened a couple of pence to 310p. Elsewhere in the Hotel sector, Norfolk Capital gained a penny to 21½p on speculative buying.

Rank feature

Rank Organisation provided the day's feature among the miscellaneous industrial leaders, rising 13 to 388p in response to news of Xerox's bumper second-quarter figures. BTR moved up 7 to 325p following details of the sale of Tilling Energy to Trafalgar House, while BOC added 5 more at 286p after further buying ahead of the third-quarter figures due next Thursday. Rumours of a U.S. acquisition helped Beecham harden a few pence to 331p. Elsewhere, Bowater, in which Hanson Trust recently announced a 7 per cent stake, jumped 10 to 310p, after 315p, on revived talk of a bid from that source; Hanson firmed 7 to 200p with sentiment here helped by comment on the agreed £65m sale of its U.S.-based food service management group, Interstate United Corporation, to Transworld Corporation.

Recently-neglected Lucas found support and firmed 7 to 293p, but A. E. fell 6 to 116p on revived concern about its South African interests. Among Motor Distributors, Kenning added 3 more to 116p on stake build-up rumours, while T. Cowie improved 2 to 71½p in reply to the more-than-doubled half-year profits.

Morgan Communications gained a penny to 133p following an agreed bid from Reed International, 8 higher at 643p. Lowe Howard Spink rose 12 to 235p in response to advertising contract news, while David S. Smith firmed 4 to 138p, after 140p, following good annual results.

In Properties, Regalian were again favoured on London dockland development prospects and rose 10 to a year's high of 226p. USM-quoted Cons Tern Investments slipped 2 to a 1985 low of 81p following the interim results.

South Africans remained under pressure and posted further losses across the board as another bout of weakness in the Rand triggered international selling. Losses of 10 were common to Barlow Rand, 365p and South African Breweries, 260p, while Sasol dipped 7 to 210p and New Klein Properties 5 to 85p.

Among Shipping, Ocean Transport shed 5 to 161p following the interim figures.

Imperial Group attracted considerable attention on talk that the sale of its Howard Johnson subsidiary was close to being finalised and touched 185p prior to closing a net 7 up at 181p.

Mercantile House rose 7 to 247p in reply to the slightly better-than-expected annual results and optimistic statement.

Late support for Oils

Leading oils did little more than tick over during the morning but made good progress in a lively afternoon session. Widespread buying interest was thought to have been sparked off by comments, attributed to Saudi Arabia's oil minister, to the effect that he expects western world oil consumption to pick up considerably as winter approaches. Shell were especially favoured and rose 8 to 683p, also boosted by news of a significant oil discovery in the Norwegian sector of the North Sea. BP settled 5 better at 530p, while Britoil moved up late to close 8 higher at 208p following comment on the forthcoming sale of the Government's remaining 48.8 per cent holding. Down to 240p early on LASMO improved sufficiently to end the day 3 firmer on balance at 248p. Enterprise Oil gained 5 at 162p.

Clyde Petroleum highlighted the secondary issues, up 8 more to 88p amid vague bid rumours. Falcon Resources' revival continued with the shares up 5 more to 70p. Elsewhere, speculative buying boosted Ohio Resources which touched 20p prior to closing 4 firmer on balance at 18p.

Golds down again

South African mining markets was again thrown into disarray as a result of the recent political moves by the South African Government to combat the widespread outbreaks of civil unrest in the Republic. Rumours began to circulate in financial markets that a major U.S. bank had refused to "roll-over" commercial loans to South African industry and was seeking to withdraw entirely from its presence in South Africa. The rumours had an immediate effect on the Rand rate which dropped sharply from around 49 U.S. cents to below 44 cents before rallying to around 46 cents. Gold shares were an extremely nervous market from the outset but managed to hold steady around overnight levels during the morning following the emergence of modest support from a number of Continental centres. However, when this support dried up in the early afternoon—many dealers on the Continent closed their books early ahead of national holidays—a steady stream of selling orders began to emanate from the U.S. and Golds retreated for the rest of the session to close with widespread falls. The Gold Mines index consequently fell back to show a 5.3 decline at 330.6. Bullion added to the overall uncertainty, easing from an initial $328 an ounce to close a net 50 cents easier at $325.25.

In the leading Golds, Randfontein and Vaal Reefs gave up around £1¼ apiece at £61¾ and £54¼ respectively, while Southvaal lost almost a point at £25¾.

South African Financials were similarly unsettled with "Johnnies" down £4 more at £66, Anglovaal £3 cheaper at £30 and "Amcoal" ¼ off at £16¼.

London Financials traded on a quietly easier note in the morning but came under sustained selling pressure thereafter. Consolidated Gold Fields eventually ended the day 12 down at a year's low of 433p. Rio Tinto-Zinc were also unsettled and gave up 10 to equal the 1985 low point of 535p.

The latest bout of nervousness surrounding the South African mining market again proved highly beneficial to Australian golds.

FINANCIAL TIMES STOCK INDICES

	July 31	July 30	July 29	July 26	July 25	July 24	year ago
Government Secs	83.46	83.57	83.86	83.46	83.14	83.25	76.07
Fixed Interest	88.56	88.74	88.65	88.80	88.60	88.29	80.45
Ordinary ♥	943.1	936.0	928.4	924.1	911.0	926.0	798.2
Gold Mines	330.6	335.9	342.1	358.6	350.2	369.5	485.7
Ord. Div. Yield	4.96	4.98	4.99	5.02	5.08	5.01	5.18
Earnings, Yld. % (full)	12.18	12.29	12.44	12.53	12.68	12.50	19.10
P/E Ratio (net) (*)	10.12	10.08	9.82	9.75	9.03	9.77	9.94
Total bargains (Est.)	20,918	20,225	20,241	20,940	19,875	20,326	16,311
Equity turnover £m.	—	664.48	341.07	576.09	377.62	379.86	914.42
Equity bargains	—	22,065	11,238	12,000	16,646	13,882	11,726
Shares traded (mil)	—	181.2	164.2	274.2	184.4	102.9	107.8

♥ 10 am 933.4. 11 am 929.7. Noon 930.8. 1 pm 931.9. 2 pm 932.0. 3 pm 933.2. 4 pm 939.4.

Day's High 943.1. Day's Low 929.0.

Basis 100 Govt. Secs. 15/10/26. Fixed Int. 1928. Ordinary 1/7/35. Gold Mines 12/9/55. SE Activity 1974.

Latest Index 01-246 8026.

* Nil=9.75

HIGHS AND LOWS

—	1985 High	1985 Low	Since Compilat'n High	Since Compilat'n Low
Govt. Secs.	85.87 (30/7)	76.02 (28/1)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Int.	88.74 (30/7)	82.17 (28/1)	150.4 (28/11/47)	50.53 (3/1/75)
Ordinary	1024.5 (22/1)	911.0 (25/7)	1024.5 (22/1/85)	49.4 (26/6/40)
Gold Mines	558.9 (15/4)	330.2 (25/7)	734.7 (15/2/83)	43.5 (26/10/71)

S.E. ACTIVITY INDICES

	July 30	July 29
Daily Gilt Edged Bargains	197.2	129.8
Equities Bargains	140.0	72.8
Value	756.7	690.8
5 day Average Gilt Edged Bargains	144.5	134.5
Equities Bargains	107.5	98.5
Value	784.1	761.0

TUESDAY'S ACTIVE STOCKS

Based on bargains recorded in Stock Exchange Official List.

Stock	No. of changes	Tues. close	Day's change
Debenhams	23	313	— 8
NatWest. Bank	22	665	—25
Barclays	20	375	—10
Midland Bank	18	390	— 5
SGC	16	281	+ 8
Lloyds Bank	14	395	— 8
Britoil	12	200	— 5
Macarthys Ph.	12	186	+ 3
Siebe (nil pd.)	12	65pm	—14
Bass	11	544	+ 8
Grand Met.	11	308	+ 3
ICI	11	669	— 3
Jaguar	11	252	— 5
Tesco	11	270	+10

NEW HIGHS AND LOWS FOR 1985

NEW HIGHS (36)

BRITISH FUNDS (1)
Treas. 8½pc Cnv. '33
INTL. BK. & O'SEAS GOVT. STLG. ISS. (5)
Australia 11¾pc Ln. 2015; In-Am Dev. Bank 2015; Euro Inv. Bank 11pc Ln. 2002; Mexico 16½pc 2008; Do. 10½pc 2004
LOANS (6)
Nationwide Bldg. Soc. 12pc 3/2/86; Nationwide Bldg. Soc. 12¼pc 21/4/86; Do. 12½pc 24/2/86; Do. 12½pc 12/5/86; Do. 12½pc 31/3/86; Do. 12½pc 9/6/86
BANKS (1)
Algemene Bk. Ned.
BUILDINGS (2)
Manders; Watts Blake Bearne
STORES (3)
Grattan; Time Products; Ratners (Jewellers)
ELECTRICALS (2)
Chloride 7½pc Cum. Cnv. Pf.; Volex
FOODS (2)
FII; Morrison (W.)
INDUSTRIALS (2)
Rank Org.; Williams Hldgs.
INSURANCE (1)
FAI Insurances
MOTORS (1)
Cowie (T.)
PAPER (1)
Clay (Richard)
PROPERTY (2)
McKay Secs.; Regalian
TRUSTS (2)
City & Com. Inc.; Murray Growth B
MINES (5)
Carr Boyd; Oakbridge; Emu Hill Gold; Southern Resources; Metana Minerals

NEW LOWS (92)

AMERICANS (16)
CANADIANS (5)
Bank Nova Scotia; Royal Bank Canada; Can. Pacific Ent.; Trans Can. Pipe; Gulf Canada
BUILDINGS (1)
Milbury
CHEMICALS (1)
Croda Intl. Defd.
ELECTRICALS (2)
DBE Technology; Sound Diffusion
ENGINEERING (2)
Brist. Ch. Ship Reps.; Cooper (F.)
FOODS (2)
Cadbury Schweppes; Safeway
INDUSTRIALS (8)
Baxter Travenol; Metal Closures; Charter Cons.; Metal Sciences; Dover Corp.; Mitchell Cotts; Honeya; Reckitt & Colman
INSURANCE (3)
Lincoln Natl.; Travelers; Reed Stenhouse Cl. C
LEISURE (1)
Viewplan
MOTORS (1)
Solex A
PAPER (1)
Osborne & Little
PROPERTY (1)
Cons. Tern. Invs.
SOUTH AFRICANS (2)
Barlow Rand; New Klein Props.
TEXTILES (1)
Parkland A
TOBACCOS (1)
BAT Inds.
TRUSTS (24)
OILS (2)
New London Oil; Steaua Romana R/V
PLANTATIONS (1)
Rowe Evans
MINES (17)

FT-ACTUARIES SHARE INDICES

These indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

EQUITY GROUPS & SUB-SECTIONS — Wed July 31 1985

[illegible]

FIXED INTEREST

[illegible]

EUROPEAN OPTIONS EXCHANGE

Series		Aug. Vol.	Aug. Last	Nov. Vol.	Nov. Last	Feb. Vol.	Feb. Last	Stock
GOLD C	$300	15	30	6	37	—	—	$327.80
GOLD C	$320	104	10.80	38	01	5	01.60	"
GOLD C	$340	29	50	90	11.50	09	10	"
GOLD C	$360	2	0.50	21	5	—	—	"
GOLD P	$300	15	0.50	2	0	—	—	"
GOLD P	$320	140	0	07	7.20	20	15	"
GOLD P	$340	20	10.50 A	100	17	—	—	"

[illegible]

TOTAL VOLUME IN CONTRACTS: 26,602

A=Ask B=Bid C=Call P=Put

RECENT ISSUES

EQUITIES

Issue price	Amount paid up	Latest Renunc. date	1985 High	1985 Low	Stock	Closing price	+ or −	Net Div.	Times covered	Gross Yield	P/E Ratio
§52	F.P.	9/8	65	58	⁂ATA Selection 5p	64	−1	bg1.8	2.8	3.0	[illegible]
190	F.P.	2/8	235	223	Abbey Life 5p	228	......	b6.9	—	4.1	[illegible]
§138	F.P.	2/8	140	130	⁂Appletree 10p	133	......	b2.5	3.8	2.7	[illegible]
50	F.P.	16/8	60	45½	Baillie G'f'd Shin Hpn.	45½	......	—	—	—	—
§70	F.P.	24/7	87	78	⁂Blanchards 10p	80	−½	b2.1	1.8	3.8	[illegible]
170	F.P.	22/8	172	165	Bradstock 5p	170	......	bg5.25	2.4	4.4	[illegible]
150	F.P.	24/7	134	99	Brent Walker 10p	118	+4	b3.5	2.9	4.5	[illegible]
375	200	10/9	253	128	British Aerospace 50p	155	−5	15.65	5.1	0.8	[illegible]
120	F.P.	—	141	101	CAP 10p	141	......	u1.5	4.0	1.5	[illegible]
‖ ‖	F.P.	—	48	40	⁂Cannon Street Invs.	40	......	—	—	—	—
¶¶	F.P.	12/7	12	8	Clive Discount Wrrts.	10	......	—	—	—	—
‖ ‖	F.P.	30/8	100	95	⁂CobraEmer'ldMines	95	......	—	—	—	—
§70	F.P.	18/7	80	74½	⁂Cranbrook Elect. 5p	77	......	b1.0	6.0	2.8	[illegible]
¶¶	F.P.	—	105	73	Expln. Co. Louisiana	85	−5	—	—	—	—
§140	F.P.	5/8	180	160	⁂FKB Group 5p	152	+2	1.75	5.9	1.6	[illegible]
180	F.P.	26/7	120	95	First Security 10p	85	......	u5.5	2.6	5.0	[illegible]
§88	F.P.	2/8	80	78	⁂Goodhead Print 20p	80	......	b3.0	3.2	6.4	[illegible]
fr.97	F.P.	26/7	77	68	Green Property (r. 25p)	68	......	12.57%	1.5	3.8	[illegible]
‖ ‖	F.P.	—	460	380	⁂Heavitree Brewery	580	+5	10.75	1.9	5.9	[illegible]
‖ ‖	F.P.	—	450	365	Do. 'A' Lim. Vtg. Ord.	070	+15	10.75	1.9	4.1	[illegible]
¶125	F.P.	0/9	186	198	Isotron	162	......	bg1.25	0.8	1.1	[illegible]
§110	F.P.	—	112	100	⁂Lewmar	100	−5	u2.025	5.0	3.7	[illegible]
**	F.P.	9/8	47	44	London Tst. Wrrts.	48	......	—	—	—	—
§44	F.P.	—	54	46	⁂Micha'kJ Design 2½p	53	......	1.0	3.6	2.7	[illegible]
120	F.P.	26/7	116	100	Micro Scope 10p	100	......	b1.5	4.8	2.1	[illegible]
§5	F.P.	—	107	95	⁂Moss Advertising 5p	100	−3	bg2.45	3.0	0.5	[illegible]
§170	F.P.	9/8	170	152	⁂Pacer Systems 20.01	140	......	bg5.5c	—	2.2	[illegible]
§99	F.P.	2/8	117	102	⁂Polypipe 10p	115	......	b2.9	2.7	5.5	[illegible]
§158	F.P.	19/7	149	125	⁂Prontaprint 10p	128	......	b1.8	5.1	9.0	[illegible]
110	F.P.	31/8	195	105	Salvesen (Christian)	122	......	8.870	2.8	3.4	[illegible]
150	F.P.	0/8	125	98	⁂Sapphire Petm. 50p	100	......	—	—	—	—
‖ ‖	F.P.	18/7	425	305	Sturge Hldgs 20p	330xd	+5	b6.0	8.4	2.6	[illegible]
§75	F.P.	—	77	74	⁂Trilion 10p	78	......	bg1.1	4.2	2.1	[illegible]
110	F.P.	—	183	117	⁂Yellowhammer 5p	180	+2	bg1.5	1.4	1.9	[illegible]

FIXED INTEREST STOCKS

Issue price £	Amount paid up	Latest Renunc. date	1985 High	1985 Low	Stock	Closing price £	+ or −
¶¶	F.P.	—	98	96½	Boddingtons 8½% Cv. Uns. Ln. 2000/05	98	+1
‖	F.P.	11/8	85	58	C. H. Industls. 7% Cnv. Cum. Prf.	85	[illegible]
‖ ‖	F.P.	—	198	180	⁂Cannon St. Invs. 7.7% Cv. Cm. Rd Prf '94-8	180	[illegible]
50p	‖	27/9	45½p	41	Hanson Tst. 0.70% Cnv. Cum. Red. Prf	45½p	[illegible]
88.466	£30	—	51⅞	29¾	Intl. Bk. for Rec. & Dev. 9⅝% Ln. 2010	51	[illegible]
‖	Nil	13/9	½pm	¼pm	Juliana's 7½% Cnv. Uns. Ln. 2000-02	¼pm	[illegible]
§99.858	£25	—	25¾	25	Keystone Invs. 11⅛% Deb. 2010/15	25¼	[illegible]
§98.026	F.P.	23/8	100½	99½	Lowland Inv. 11¼% Deb. 2010	100	[illegible]
‖	Nil	—	1¼pm	1pm	Macallan-Glen. 5½ Cnv. Uns. Ln. 2005	1¼pm	[illegible]
90.705	£30	9/9	54⅝	29⅞	Malaysia 10¾% Ln. 2009	53⅞	[illegible]
—	F.P.	26/7	100⅛	100	Nationwide Bldg. Soc. 12⅜% 30/6/86	100⅛	[illegible]
—	F.P.	—	100¾	100⅛	Do. 11⅞% Bds. 21/7/86	100¾	[illegible]
100	F.P.	—	118¾	108½	Oldham Met. Borough 12⅜% Rd. 2022	118¼	[illegible]
¶¶	F.P.	—	100	98	REA 9% Cum. Pref.	95	[illegible]
§100	£10	9/9	101½	100⅛	Sund. & S.Sh'lds.Wtr. 11.8% Rd. Db. '95/97	101¼	[illegible]
‖	Nil	—	1pm	1pm	Walker (A) 8¾% Cum. Conv. Red. Pref.	1pm	[illegible]
§100	£10	19/9	11⅛	10⅝	West Hampshire Wtr. 11.8% Rd. Db. '95/97	11⅛	[illegible]
§100	£10	12/8	11¼	10⅝	York Wtr. 11.8% Red. Deb. 1995/97	11¼	[illegible]

RIGHTS OFFERS

Issue price	Amount paid up	Latest Renunc. date	1985 High	1985 Low	Stock	Closing price	+ or −
165	F.P.	13/9	180	168	Baker Perkins 50p	178	−2
180	Nil	—	82pm	40pm	Bestwood 15p	46pm	−5
100	F.P.	30/8	102	95	⁂Cobra Emerald Mines	95	......
5	Nil	—	1½pm	¼pm	Dares Est. 5 Op	1½pm	+¼
280	Nil	—	48pm	25pm	Extel	33pm	−5
185	100	28/10	133	99	Hanson Trust	111	+4
310	Nil	4/8	410pm	385pm	Hazlewood Foods 20p	390pm	......
50	Nil	—	2½pm	½pm	Hicking Pentecost 50p	½pm	......
285	F.P.	9/8	323	297½	Mills & Allen	277	......
77	Nil	28/8	¾pm	½pm	New Cavendish 5p	½pm	......
120	Nil	30/8	8pm	3pm	Prestwich	0pm	......
400	Nil	—	84pm	63pm	Siebe	63pm	−2
600	F.P.	20/8	700	643	Union Discount £1	680	......
A$1.25	Nil	—	5pm	1pm	♥Woodside Pet. A$0.50	1pm	......

Renunciation date usually last day for dealing free of stamp duty. *b* Figures based on prospectus estimates. *g* Assumed dividend and yield. *u* Forecast dividend cover based on previous year's earnings. *p* Pence unless otherwise indicated. ¶ Issued by tender. ‖ Offered holders of ordinary shares as "rights." ** Issued by way of capitalisation. §§ Reintroduced. ¶¶ Issued in connection with reorganisation merger or takeover. ■ Allotment letters (or fully paid). ‖‖ Introduction. ⁂ Unlisted Securities Market. § Placing price. ‡‡ Dealt in under Rule 535 (3). ♥ Dealt in under Rule 535 (4) (a).

OPTIONS

First Dealings	Last Dealings	Last Declaration	For Settlement
July 8	July 19	Oct 10	Oct 21
July 22	Aug 2	Oct 24	Nov 4
Aug 5	Aug 16	Nov 7	Nov 18

For rate indications see end of Share Information Service

Stocks favoured for the call included Ohio Resources, North Kalgurli Mines, STC, I. and J. Hyman, Empire Stores, Kenning Motor, Exco and Eleco. A put was done in Polly Peck, but no doubles were transacted.

ACTIVE STOCKS

Above average activity was noted in the following stocks yesterday.

Stock	Closing price	Day's change
Abbey Life	228	—
BAT Industries	295	+ 2
Bowater Industries	310	+10
Celtic Haven	98	+ 1
Debenhams	306	− 7
GKN	210	− 4
Imperial Group	181	+ 7
Jaguar	252	—
Marks and Spencer	147	− 2
Mercantile House	247	+ 7
Rank Organisation	338	+13
Smiths Industries	179	+10

LONDON TRADED OPTIONS

Option		Calls Aug.	Calls Nov.	Calls Feb.	Puts Aug.	Puts Nov.	Puts Feb.
Lonrho (*183)	140	24	—	—	1½	—	—
	160	5	18	17	5	7½	9
	190	1	0	0	20	02	25
P. & O. (*560)	330	57	45	60	2½	5½	10
	360	11	28	52	9	18	22

[illegible]

July 30 Total Contracts 10,860. Calls 7,045. Puts 3,235

* Underlying security price

WORLD STOCK MARKETS

AUSTRIA

[illegible]

BELGIUM/LUXEMBOURG

[illegible]

DENMARK

[illegible]

FRANCE

[illegible]

GERMANY

[illegible]

ITALY

[illegible]

NETHERLANDS

[illegible]

NORWAY

[illegible]

SPAIN

[illegible]

SWEDEN

[illegible]

SWITZERLAND

[illegible]

AUSTRALIA

[illegible]

AUSTRALIA (continued)

[illegible]

HONG KONG

[illegible]

JAPAN

[illegible]

JAPAN (continued)

[illegible]

SINGAPORE

[illegible]

SOUTH AFRICA

[illegible]

NOTES—Prices on this page are as quoted on the individual exchanges and are last traded prices. § Dealings suspended. xd Ex dividend. xc Ex scrip issue. xr Ex rights. xa Ex all.

CANADA

TORONTO

Prices at 2.30pm July 31

[illegible]

MONTREAL

Closing prices July 30

[illegible]

Indices

NEW YORK — DOW JONES

[illegible]

STANDARD AND POORS

[illegible]

N.Y.S.E. ALL COMMON

[illegible]

RISES AND FALLS

[illegible]

New York Active Stocks

[illegible]

TORONTO

[illegible]

MONTREAL Portfolio

[illegible]

* Indicates pre-close figure

AUSTRALIA, AUSTRIA, BELGIUM, DENMARK, FRANCE, GERMANY, HONG KONG, ITALY, JAPAN, NETHERLANDS, NORWAY, SINGAPORE, SOUTH AFRICA, SPAIN, SWEDEN, SWITZERLAND, WORLD

[illegible]

WORLD Capital Intl. (1/1/70)	[illegible]	220.3	220.9	224.3 (17/7)	184.6 (4/1)

* Indicates pre-close figure ** Saturday July 27 Japan Nikkei Dow 12890.40. Base values of all indices are 100 except Australia All Ordinary and Metals – 500 NYSE All Common – 50 Standard and Poors – 10 and Toronto Composite and Metals – 1000 Toronto indices based 1975 and Montreal Portfolio 4/1/83. † Excluding bonds ‡ 400 industrials plus 40 Utilities Financials and 20 Transports. c Closed. u Unavailable.

OVER-THE-COUNTER

Nasdaq national market, 2.30pm prices

Continued from Page 35

[illegible]

NORTH AMERICAN QUARTERLIES

AMERICAN STANDARD

[illegible]

ANCHOR HOCKING

[illegible]

BALLY MFG

[illegible]

CLARK EQUIPMENT CO.

[illegible]

COOPER INDUSTRIES

Compression and drilling equipment

Second quarter	1985 $	1984 $
Revenue	336m	321.7m
Net profits	35.2m	28.8m
Net per share	0.74	0.57
Six months		
Revenue	1.3bn	966.2m
Net profits	52.9m	44m
Net per share	1.06	0.83

CONSUMERS POWER

[illegible]

KERR McGEE

[illegible]

MACK TRUCKS

[illegible]

MIDCON

[illegible]

NATIONAL DISTILLERS + CHEMICAL

Chemicals, spirits, wines, metals

Second quarter	1985 $	1984 $
Revenue	508.2m	539.4m
Net profits	4m	13.5m
Net per share	0.06	0.39
Six months		
Revenue	1.09bn	1.13bn
Net profits	24.5m	51.2m
Net per share	0.67	1.52

NORTHWEST INDUSTRIES

[illegible]

NORWEST

[illegible]

OCEAN DRILLING + EXPLORATION

[illegible]

SCIENTIFIC ATLANTA

[illegible]

TIMKEN

Tapered roller bearing maker

Second quarter	1985 $	1984 $
Revenue	291.5m	313.8m
Net profits	8m	20.1m
Net per share	0.65	1.71
Six months		
Revenue	581.3m	601.4m
Net profits	12.8m	33m
Net per share	1.07	2.81

LONDON

Chief price changes

(In pence unless otherwise indicated)

RISES

Tr 2% IL 1996	£113¼	+£⅝
BSR Intl	60	+ 7
BTR	325	+ 7
Bowater Ind	310	+10
British Tel	192	+ 6
Clyde Pet	88	+ 7
Falcon Res	70	+ 5
GEC	176	+ 6
GMK	578	+28
Hanson Trust	200	+ 7
Imperial Group	181	+ 7
Lowe H-SC-E	235	+12
Lucas Ind	293	+ 7
Merc House	247	+ 7
Metana Min	168	+ 6
Ohio Res	18	+ 4
Racal Elec	148	+ 8
Rank Org	388	+13
Regalian Prop	226	+10
STC	102	+ 8
Smiths Ind	179	+10
Volex	198	+13

FALLS

Ex 11% 1990	£101¼	–£⅝
Conv 9½% 2004	£96¼	–£⅝
Debenhams	306	– 7
Jarvis (J)	270	–23
Metal Sci	5	– 4
Ocean Tran	161	– 5
Sasel	210	– 7
Tate & Lyle	430	– 8

NEW YORK STOCK EXCHANGE COMPOSITE CLOSING PRICES

12 Month High	12 Month Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
23½	16	AAR	.56	2.8	14	124	21⅞	21⅛	21⅛	+½
17⅞	9¾	AGS			13	60	16¾	16¼	16½	+¼
16½	9⅞	AMCA				20	12¼	12¼	12¼	
21½	13	AMF	.25j		96	325	13½	13⅛	13½	+⅛
13⅝	12⅞	AMF wd				213	13⅝	13⅜	13⅜	
50¾	24⅛	AMR			8	9023	48¾	47	48¼	+1½
22⅞	18⅝	AMR pf	2.18	9.6		13	22¾	22½	22¾	+⅛
25⅞	22⅞	ANR pf	2.87	11		2	23½	23½	23½	−¼
14¼	7⅝	APL				88	10⅛	9⅝	10	+⅜
61⅛	44⅜	ASA	2	4.3		857	46⅞	45⅞	46	−⅝
27	12½	AVX	.32	2.3	20	428	13⅞	13⅛	13⅞	+1
28⅛	16	AZP	2.72	11.	7	748	25½	25¼	25⅜	+⅛
60	36¾	AbtLab	1.46	2.5	15	3940	55¾	54¾	55½	+1¼
25⅞	19⅞	AccoWd	.50	2.2	17	1070	23	21⅞	23	+1½
24¾	12½	AcmeC	.40	2.5		40	18	15⅝	15¾	+¼
19	15	AdaEx	1.92e	11		178	16⅝	16	16	−¼
20	11⅞	AdmMl	.32	1.9	7	113	17¼	16¾	16¾	−½
19½	8⅝	AdvSys	.53t	4.8	10	187	11⅞	11½	11½	−½
41⅛	22⅛	AMD			18	3683	29⅞	29⅛	29¾	+⅛
12¾	6⅛	Advest	.12	1.3	20	109	9¼	9⅛	9⅛	
15⅝	9¼	Aeflex			13	120	14¼	13⅞	13⅞	−½
49⅝	29⅝	AetnLf	2.64	5.7	16	2556	46⅝	45⅞	46½	+¾
57⅜	52⅜	AetL pf	5.79e	10		170	56⅛	55¾	56	−⅛
37⅜	18¼	Ahmns	1.20	3.9	8	3541	31⅛	30½	31	+⅛
3⅜	2½	Aileen				20	2¼	2⅜	2⅜	
57	40⅝	AirPrd	1.26	2.1	12	648	56¼	56⅝	56⅛	+⅞
24⅜	14⅛	AirbFrt	.80	2.8	12	53	21⅜	21	21¼	
2¼	1	AlMoa s				364	2⅛	2	2⅛	
29¼	23⅝	AlaP pf	2.92e	10		1011	28⅝	28	28	−1
33⅜	27¼	AlaP pf	A3.92	13.		8	31⅛	30¾	31	
8⅛	6¼	AlaP dpf	.87	11.		28	7⅞	7¾	7⅞	−⅛
82	62¼	AlaP pf	9	12.		z280	78	78	78	−½
109	99	AlaP pf	11	11		z100	104	104	104	
86	67⅛	AlaP pf	9.44	11.		z50	85½	85½	85½	+½

Continued on Page 35

NYSE COMPOSITE CLOSING PRICES

Continued from Page 34

Sales figures are unofficial. Yearly highs and lows reflect the previous 52 weeks plus the current week, but not the latest trading day. Where a split or stock dividend amounting to 25 per cent or more has been paid, the year's high-low range and dividend are shown for the new stock only. Unless otherwise noted, rates of dividends are annual disbursements based on the latest declaration.

a-dividend also extra(s). b-annual rate of dividend plus stock dividend. c-liquidating dividend. cld-called. d-new yearly low. e-dividend declared or paid in preceding 12 months. g-dividend in Canadian funds, subject to 15% non-residence tax. i-dividend declared after split-up or stock dividend. j-dividend paid this year, omitted, deferred, or no action taken at latest dividend meeting. k-dividend declared or paid this year, an accumulative issue with dividends in arrears. n-new issue in the past 52 weeks. The high-low range begins with the start of trading. nd-next day delivery. P/E-price-earnings ratio. r-dividend declared or paid in preceding 12 months, plus stock dividend. s-stock split. Dividends begins with date of split. sls-sales. t-dividend paid in stock in preceding 12 months, estimated cash value on ex-dividend or ex-distribution date. u-new yearly high. v-trading halted. vi-in bankruptcy or receivership or being reorganised under the Bankruptcy Act, or securities assumed by such companies. wd-distributed. wi-when issued. ww-with warrants. x-ex-dividend or ex-rights. xdis-ex-distribution. xw-without warrants. y-ex-dividend and sales in full. yld-yield. z-sales in full.

AMEX COMPOSITE CLOSING PRICES

OVER-THE-COUNTER

Nasdaq national market, 2.30pm prices

Continued on Page 33

FINANCIAL TIMES
WORLD STOCK MARKETS

WALL STREET

Encouraging Fed data raises hopes

INDICATIONS from the latest Federal economic data of a renewed strengthening in the U.S. economy helped Wall Street yesterday to extend its recovery, *writes Terry Byland in New York.*

Encouraged also by firmness in bonds ahead of the Treasury's refunding announcement, stock prices opened buoyantly. Airline issues rose sharply as the industry moved towards an increased fare structure.

At the close the Dow Jones industrial average was 1.35 higher at 1,347.45.

The White House hailed the 1 per cent gain in the leading economic indicators for last month as a sign of renewed growth, and the 1.9 per cent jump in factory orders was well above expectations. However, Wall Street was restrained in its response, noting that Mr Malcolm Baldrige, the Commerce Secretary, said a "stronger performance" was needed to realise the Administration's growth targets.

The high technology sector returned to favour, led by IBM which advanced smartly on the prospect that Japan may release computer patents to the U.S. computer group so as to help ease trade tension. IBM gained $1 to $131⅛, only $6 off its peak price.

Digital Equipment jumped $1¾ to $102⅝ while Burroughs added $1 to $64½ after announcing plans to issue $174m in debentures.

Texas Instruments, although still subdued after the recent trading news, rose $⅝ to $104⅜.

Airline stocks provided a boost for the Dow transportation average. The disclosure that the other major carriers will match the higher fare structure introduced last week by United Airlines – opening the way to an average increase of 7 per cent in airline fares – brought widespread gains in stocks involved.

United jumped $1¾ to $54⅛ and American $1¾ to $48½. Heavy turnover saw Pan Am $¼ up at $6⅞. Delta Air, expected shortly to follow the move to higher fares, gained $1¼ to $49⅝.

Downward pressures on fuel prices from the futures market also continued to boost airline stocks.

But underlying worries about interest rates were reflected in utility stocks, which abandoned an initial improvement to return to the downward path. Some credit market analysts believe that this week's record Treasury funding programme could spark a return of higher interest rates which would hurt the heavy capital commitments of the utilities.

The Detroit carmakers benefited from bargain hunters attracted by the falls in stock prices earlier this week. American Motors was unchanged at $3⅛, with the market unshaken by the heavy second-quarter loss, which had been widely foreseen.

General Motors added $¾ to $71⅛, Ford $1⅛ to $44⅞, and Chrysler $⅞ to $35⅝, but none of the car stocks attracted heavy turnover.

Steel shares continued to respond warmly to the higher profits and dividend from U.S. Steel, which added $⅞ to $30⅞. The profits statement from Bethlehem Steel took the stock up $⅛ to $16¾, and Inland Steel, $1⅛ up at $24 was firm ahead of results.

Stock in Levi Strauss, the jeans manufacturer, topped the active list, gaining $1¼ to $49⅞ on the buyout plan agreement.

Colgate-Palmolive slipped $¾ to $27⅞ in heavy turnover as the stock buyback plan unfolded. Wall Street wondered if a bid defence was being mounted and whether the predator might be forced to make a move.

In the banking sector, BankAmerica slipped $½ to $16⅛ as the bank commenced its staff cutting programme. Other banking stocks began to benefit from recommendation by a leading brokerage house. At $68¾, Bankers Trust gained $1½, J. P. Morgan added $⅞ to $49 and Chase Manhattan at $57½ was $¾ better.

The bond market turned firm at mid-session, despite a general unwillingness to open up positions ahead of the Treasury's announcement of its new refunding programme. Gains of half a point or so were recorded at the longer end.

But the short end of the credit market was discouraged by a federal funds rate which moved up 8¾ per cent as the banking settlement operations unwound. Treasury bill rates were either side of their overnight levels, while money market rates shaded by about five basis points.

TOKYO

Foreigners rush to sell financials

FINANCIAL and public works-related stocks were lower while biotechnology and blue-chip issues revived in Tokyo yesterday, *writes Shigeo Nishiwaki of Jiji Press.*

The Nikkei-Dow average extended its decline amid investor uncertainty about market prospects, losing 37.62 points to 12,232.27 for its third successive drop. The view was firming that the market correction would be prolonged as the index's 200-day moving average fell below 12,248. The broader-based Tokyo stock exchange index plunged 14.02 points to 992.13, falling below the 1,000 level for the first time in about two months.

Volume contracted marginally to 426.45m shares from Tuesday's 464.68m. Declines outnumbered advances 461 to 367 with 96 issues unchanged.

Financial stocks, especially non-life insurances, dropped in massive foreign selling. One large securities house said it had received orders from European institutional investors to sell financial and public works-related stocks in blocks of several million shares.

Another firm noted that foreigners' sell orders, placed with the big four brokers early in the morning, totalled more than 7m shares.

The foreign rush to sell financial stocks was interpreted as concern about their continued surge since late last year.

Major non-life insurers to lose were Tokio Marine and Fire Insurance, down Y95 to Y850 and Taisho Marine and Fire Insurance, down Y77 to Y555. Among bank stocks, Mitsubishi Trust and Banking and Sumitomo Trust and Banking moved the maximum Y200 down to Y1,090 and Y1,170, respectively. Sumitomo Bank relinquished Y50 to Y1,830.

Public works-related issues eased on a broad front. Sumitomo Construction, ranking third on the list of 10 most active stocks with 15.67m shares, lost Y21 to Y334. Sato Kogyo, which had gained ground on speculative buying, fell Y41 to Y417, and Wakachiku Construction moved Y74 down to Y635.

Biotechnology stocks were spotlighted. Kuraray gained Y140 to Y1,320, surpassing its previous record high of Y1,250 reached on February 6, on heavy volume of 16.62m shares.

Blue-chip stocks, particularly in the electrical sector, firmed in thin trading. Anritsu Electric put on Y130 to Y1,530, Sony Y90 to Y3,500 and Hitachi Y9 to Y700.

This amounted to an about-face in the trading pattern since last April – buying public works-related and financial stocks while selling biotechnology and blue-chip issues. The market view, however, was that the slump in favourites had caused some investors to divert money to biotechnology and blue-chip shares to make quick profits.

The bond market staged a sharp rally after six trading days of weakness as some securities firms, encouraged by the renewed stability of U.S. long-term bond prices, flocked to buy bonds. The yield on the benchmark 6.8 per cent government bond due in December 1994 eased to 6.420 per cent from Tuesday's 6.480 per cent.

AUSTRALIA

INITIAL weakness in Sydney was overturned by midsession and prices firmed as buyers surged into the resource sector.

The All Ordinaries index, which had drifted as low as 930.7 during the day, rose 3.5 to end at 936.0.

In the resources sector, BHP gained 4 cents to A$6.66 on high turnover, CSR added 7 cents to A$3.25 on speculation that the company has offloaded half its stake in Delhi Petroleum to Esso for A$650m, and Santos rose 22 cents to A$5.70 on news of this possible sale because investors had been concerned that Santos may be considering buying Delhi.

EUROPE

Sporadic forays lift tone

FOREIGN INVESTORS made sporadic forays onto the European bourses yesterday as some operators judged it prudent to set aside concern over the fall in the dollar at least for the moment.

Germany and Sweden were centres of particular overseas interest while Belgium braced itself for the full impact in a rise in the bank discount rate.

Carmakers were given the green light in a moderately active **Frankfurt** that staged a partial recovery, although the Commerzbank index lost 4.5 to 1351.4.

Porsche recouped DM 54 of its recent heavy losses to close at DM 1,289 and VW added DM 3.50 to DM 285.50. Daimler managed a DM 3 rally to DM 822 ex-dividend.

Banks posted gains of between DM 1 and DM 2 as Commerzbank firmed DM 1.90 to DM 207.10 and the stores sector was largely steady despite Horten's DM 1 setback to DM 183.

Munich Re was marked down a hefty DM 85 to DM 1,750 while associate insurer Allianz managed a modest DM 5 rise to DM 1,300.

Chemicals did not enjoy the full benefit of the foreign buying as Hoechst edged 10 pfg up to DM 211.30 and Bayer dipped 50 pfg to DM 211.

Bonds were steady as the Bundesbank sold DM 27.2m in paper after Tuesday's 72.6m purchase.

Overseas support surfaced in **Stockholm** amid prime ministerial denials of an increase in share taxation. Electrolux topped the active list with a SKr 3 rise to SKr 286, while gains of SKr 2 each were scored by Atlas Copco at SKr 109 and SKF at SKr 228. Stora Kopparberg snatched the prize for largest gain of the session with its sparkling SKr 16 jump to SKr 151. The group has recently moved within a narrow band near the bottom of its 1985 trading range.

Brussels edged lower in light trading without any broad impact from the ½ percentage point increase in official Belgian interest rates.

Utilities, always sensitive to interest rate moves, turned lower as Electrobel lost BFr 50 to BFr 8,540 and Intercom weakened BFr 35 to BFr 2,265. Some traders expect a wider reaction to the rate move today.

Petrofina traded BFr 50 higher to BFr 6,540 and Gevaert moved BFr 10 up to BFr 4,000.

Zurich edged lower as banks eased and insurers finished mixed. Bond prices closed slightly higher on interest rate and currency considerations.

The summer holiday mood was much in evidence in a weaker **Paris** that took storea group Galeries Lafayette 4.4 per cent lower with a FFr 30 fall to FFr 650 while the electronics sector was led down by Radiotechnique by FFr 12 to FFr 283, a 3.4 per cent setback. Lesieur moved against the trend with a FFr 35 advance to FFr 605

The mixed finish in **Amsterdam** was almost a re-run of Tuesday's trading with Akzo finding favour in brittle internationals as the dollar lost further ground. The fibres group rose Fl 1.50 to Fl 124.50, another new 1985 high while Unilever lost Fl 1.30 to close at Fl 345.20 and Royal Dutch lost 30 cents to Fl 195.

A shortage of paper and bearish interest rate sentiment bolstered bond prices by up to 50 basis points although gains of between 10 and 30 were more common. Foreign investors were active.

An uncertain start was overcome in **Milan** with insurers giving the session a firmed lead. Generali put on L750 to L54,750 while on the industrial pitches, Fiat jumped to L4,130 a gain of L55 while Montedison lost L2 to L2,013.

State controlled banks were easier as Banco Commerciale Italiana retreated L300 to L23,700 ahead of today's meeting in Rome by the IRI state holding company which owns 87.6 per cent of the bank, about prospects for the partial privatisation of BCI.

Light trading persisted in **Madrid** with banks and utilities making modest progress.

SOUTH AFRICA

AS THE rand plunged to a six-month low against the U.S. dollar in early hectic trading, investors stepped in to buy gold shares which ended the session firmer.

Some late profit-taking trimmed gains, however, and left Vaal Reefs up R6 at R169, after touching R173, Buffels R3 ahead at R64.50 and Driefontein R3.25 higher at R45.25.

CANADA

AN ACTIVE Toronto saw prices moving higher after the two previous lower sessions.

Power Corporation added C$¼ to C$19¼, International Thomson gained C$⅛ to C$9¼ and Bank of British Columbia moved ahead C$⅛ to C$5½.

Prices also rose higher across the board in Montreal.

LONDON

Blue chips stage late turnround

LEADING shares staged a marked turnround late in the session in London yesterday and the FT Ordinary share index ended 7.1 up at 943.1.

Prices had earlier been unsettled by the UK employer's group warning that the economic recovery could be losing momentum. Blue chips were immediately marked down but later recovered on exchange rate considerations as the pound rose against the dollar.

A combination of overseas profit-taking and switching to index-linked issues lowered conventional government securities. Longer-dated gilts eased progressively to close with losses of about one point.

In marked contrast, index-linked stocks rose by amounts extending to ⅝.

Chief price changes, Page 33; Details, Page 32, Share information service, Pages 30–31.

HONG KONG

AFTER a steady opening in Hong Kong, selling soon emerged to send prices lower across the board. The Hang Seng index lost 5.62 to close the half-day session at 1,680.62.

In mixed banks, Hongkong Bank added 10 cents to HK$8.00, Bank of East Asia was unchanged at HK$23.40 while Hang Seng lost 25 cents to HK$47.25.

Properties drifted lower with Cheung Kong off 30 cents at HK$17.70, Hongkong Land 5 cents to HK$6.40 while Sun Hung Kai remained steady at HK$12.90.

SINGAPORE

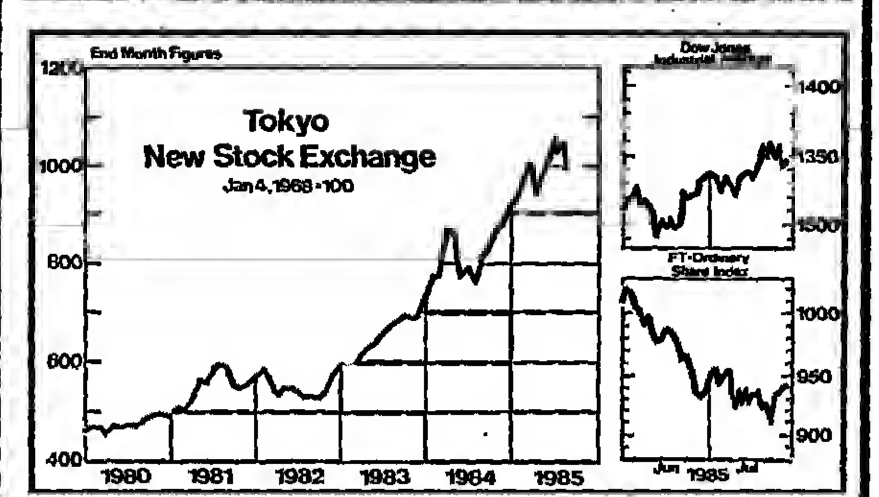
PROFIT-TAKING continued to claw at prices in Singapore but some late buying brought shares up from their lows of the day.

Among active issues, Sigma rose 12 cents to S$3.20, Federal Cables gained 2 cents to S$1.05, Sime Darby shed 1 cent to S$1.92 and Pan-Electric was 4 cents lower at S$2.16.

Hotels, properties and plantations were generally softer with banks and major industrials narrowly mixed.

Malayan Banking lost 5 cents to S$5.75, OCBC the same amount to S$8.55, OUB added 1 cent to S$2.79 and UOB was unchanged at S$3.78.

KEY MARKET MONITORS



STOCK MARKET INDICES

	July 31	Previous	Year ago
NEW YORK			
DJ Industrials	1,347.45	1,346.10	1,115.28
DJ Transport	692.88	682.12	473.58
DJ Utilities	157.06	156.75	123.03
S&P Composite	190.92	189.93	150.66
LONDON			
FT Ord	943.1	936.0	795.2
FT-SE 100	1,261.7	1,252.3	1,010.1
FT-A All-share	606.45	603.46	478.79
FT-A 500	663.69	658.76	516.27
FT Gold mines	330.6	335.9	485.7
FT-A Long gilt	10.19	10.11	11.30
TOKYO			
Nikkei-Dow	12,232.27	12,269.89	9,998.5
Tokyo SE	992.13	1,006.1	763.61
AUSTRALIA			
All Ord.	936.0	933.5	681.6
Metals & Mins.	551.0	552.0	409.8
AUSTRIA			
Credit Aktien	94.28	94.69	53.54
BELGIUM			
Belgian SE	2,317.64	2,325.4	—
CANADA			
Toronto			
Metals & Minls	2,100.30*	2,002.62	1,710.00
Composite	2,779.60*	2,772.56	2,138.40
Montreal			
Portfolio	136.72*	136.17	104.53
DENMARK			
SE	n/a	216.25	184.73
FRANCE			
CAC Gen	212.4	213.2	157.2
Ind Tendance	120.7	121.4	84.3
WEST GERMANY			
FAZ-Aktien	461.88	461.88	324.9
Commerzbank	1,351.4	1,355.9	942.3
HONG KONG			
Hang Seng	1,680.62	1,686.24	800.15
ITALY			
Banca Comm.	354.16	353.03	207.98
NETHERLANDS			
ANP-CBS Gen	216.7	217.0	148.3
ANP-CBS Ind	184.9	184.4	121.7
NORWAY			
Oslo SE	345.81	345.29	244.94
SINGAPORE			
Straits Times	771.95	773.98	945.80
SOUTH AFRICA	July 31	Prev	Yr ago
JSE Golds	–	874.9	885.9
JSE Industrials	–	960.8	819.4
SPAIN			
Madrid SE	111.98	101.85	96.17
SWEDEN			
J & P	n/a	1,382.79	1,491.66
SWITZERLAND			
Swiss Bank Ind	453.9	457.6	358.6
WORLD	July 30	Prev	Year ago
Capital Int'l	218.2	220.3	167.6

GOLD (per ounce)

	July 31	Prev
London	$325.25	$325.75
Zurich	$326.25	$324.90
Paris (fixing)	$329.71	$324.44
Luxembourg	$327.50	$324.00
New York (Aug)	$327.10	$324.00

* Latest available figure

CURRENCIES

(London)	U.S. DOLLAR July 31	U.S. DOLLAR Previous	STERLING July 31	STERLING Previous
$	–	–	1.4085	1.423
DM	2.8055	2.817	3.955	4.0
Yen	236.65	237.3	333.5	336.75
FFr	8.56	8.57	12.0575	12.175
SwFr	2.298	2.2955	3.245	3.2575
Guilder	3.1525	3.157	4.445	4.4975
Lira	1,878.5	1,892.5	2,659.0	2,683.0
BFr	56.55	56.85	79.75	80.8
C$	1.3519	1.3509	1.9075	1.9225

INTEREST RATES

	July 31	Prev
Euro-currencies (3-month offered rate)		
£	11¹³⁄₁₆	11⁷⁄₁₆
SwFr	4⅝	4⅞
DM	4¹⁵⁄₁₆	4¹⁵⁄₁₆
FFr	14½	11⅞
FT London interbank fixing (offered rate)		
3-month U.S.$	8¼	8⁵⁄₁₆
6-month U.S.$	8⁵⁄₁₆	8⅜
U.S. Fed Funds	8⅛	7¹⁵⁄₁₆
U.S. 3-month CDs	7.90	7.80
U.S. 3-month T-bills	7.25	7.275

U.S. BONDS

Treasury		July 31* Price	July 31* Yield	Prev Price	Prev Yield
8⅞	1987	99²³⁄₃₂	9.05	99²³⁄₃₂	9.05
10⅜	1992	99²⁴⁄₃₂	10.44	99¹¹⁄₃₂	10.477
11¼	1995	103²⁶⁄₃₂	10.60	103²⁵⁄₃₂	10.639
11¼	2015	104¹⁵⁄₃₂	10.76	104⁹⁄₃₂	10.78

Corporate	July 31* Price	July 31* Yield	Prev Price	Prev Yield
AT & T				
10⅜ June 1990	100¾	10.11	100¾	10.11
3⅞ July 1990	80¾	8.80	80¾	8.80
8¾ May 2000	83½	11.10	83½	11.10
Xerox				
10⅞ March 1993	96.85	11.30	96.85	11.30
Diamond Shamrock				
10⅞ May 1993	96.535	11.35	96.535	11.35
Federated Dept Stores				
10⅞ May 2013	83½	11.10	83½	11.10
Abbot Lab				
11.80 Feb 2013	101	11.75	101	11.75
Alcoa				
12¼ Dec 2012	100.50	12.25	100.50	12.25

Source: Salomon Bros

FINANCIAL FUTURES

CHICAGO	Latest	High	Low	Prev
U.S. Treasury Bonds (CBT) 8% 32nds of 100%				
Sept	75-01	75-07	74-16	74-21
U.S. Treasury Bills (IMM) $1m points of 100%				
Sept	92.65	92.68	92.61	92.63
Certificates of Deposit (IMM) $1m points of 100%				
Sept	91.96	91.97	91.90	91.92
LONDON				
Three-month Eurodollar $1m points of 100%				
Sept	91.63	91.66	91.59	91.68
20-year Notional Gilt £50,000 32nds of 100%				
Sept	112-14	113-17	112-14	113-17

COMMODITIES

(London)	July 31	Prev
Silver (spot fixing)	443.65p	438.40p
Copper (cash)	£1,056.00	£1,081.00
Coffee (Sept)	£1,584.00	£1,540.00
Oil (spot Arabian light)	$27.20	$27.10